

Economics

BUSINESS WEEK

JAN. 5, 1946

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Secretary of the Treasury Vinson: His tax reduction job calls for some fancy financial sleight of hand

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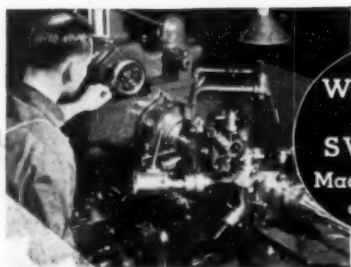
Henry Wallace has the answer

He says: "No wage is too high if the worker earns it. Five cents an hour is too high if the worker doesn't earn it."

BECAUSE he is a friend of labor, Henry Wallace realizes every worker must earn his pay and earn his right to a job by efficient production.

When workers listen to sound facts like these, they constantly try to improve their efficiency—and so constantly reduce the cost of what they make. That means more and more people could afford and want to buy what they make. That means more and better jobs—and it is the only way more and better jobs can be provided.

The responsibility for jobs rests squarely with the worker to produce efficiently, with the manager to provide machine tools that make it possible, and with government to cooperate with both. Every manager who agrees with Henry Wallace that "No wage is too high if the worker earns it."



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WASHINGTON BULLETIN

TRUMAN'S TEST

This year will pose a test of President Truman's strength in Congress and in the country. Riding the crest of victory, Truman was bound to slip in popular esteem as the war's aftermath of troubles piled up, and he has suffered specifically because—believing him to be a conservative at heart—few have been inclined to take seriously his espousal of measures that support rather than retreat from New Deal principles.

At the year's beginning the outlook is dismal. But if strikes abate, if jobs are plentiful, if stores are well stocked, and prices are within reason—if, in the main, people have cause to be cheerful rather than in the dumps—Truman's stock will pick up again, and the chances are that popular satisfaction will be reflected in the congressional elections next November.

Out of the Pigeonholes

Truman can expect somewhat greater backing by the Democratic majorities in Congress than he has had so far. With the elections ahead, more Democrats will tend to rally behind him, and to work more closely together. More important than the lessening success of Democrats voting with Republicans is a greater disposition on the part of congressional committees to bring the President's proposals, which, generally speaking, comprise his "high prosperity" program, out of the pigeonholes and do something about them.

An attempt to predict the outcome of these proposals individually would be futile. The record, on the whole, will not be remarkable, but it will carry labels which the multi-colored Democratic Party can use in its campaign to maintain, and possibly increase, its majorities in the House and Senate.

TRAVEL IS COMMUTING

As far as the tax law is concerned, a commuter is a commuter whether he shoehorns himself into the 8:13 or rides all night in a Pullman. So said the Supreme Court this week when it upheld a decision of the U. S. Tax Court ruling out deduction of traveling expenses by a railroad lawyer who lived in Jackson, Miss., and worked in Mobile, Ala.

Justice Rutledge, dissenting, took a poke at tax law in general in terms that will hearten many a taxpayer. "By finding inequity where Congress has said none exists, by construing 'commuter'

to cover long distance irregular travel, and by conjuring from the statutory setting a meaning at odds with the plain wording of the clause, the government makes over understandable, ordinary English into highly technical tax jargon."

STEEL STRIKE "CERTAIN"

Opinion in Washington is divided on whether there will be a steel strike, but officials immediately concerned don't believe President Truman's appointment of a fact-finding panel (page 98) will prevent at least a demonstration strike. They don't see how Philip Murray, C.I.O.-U.S.W. president, previously on record as vigorously opposed to the fact-finding proposition, both intrinsically and as a stalling device, can save face otherwise. Beyond that is the fact the steel panel has until Feb. 10 to report, which is 27 days beyond the steelworkers' present Jan. 14 strike date.

CENSUS FUNDS PARED

As expected (BW-Dec.29'45,p76), the Census Bureau's request to Congress for \$3,250,000 to finance an elaborate program of business statistics didn't quite make the grade. But Congress in its closing days did supply \$2,435,000—a fairly generous figure considering congressional feeling about Secretary of Commerce Henry A. Wallace—and an omen that in fiscal 1947 the Census Bureau may get just about everything it asks for.

The Census Bureau now has enough cash for the rest of fiscal 1946 to begin work on a sample census of population, to improve its business and industrial statistics, and to restore export-import shipping data to a prewar basis. But two important projects were knocked out by Congress: a survey of consumer income, and improved labor force statistics showing employment and unemployment by areas.

SWPC CHORES SPLIT UP

By executive order, President Truman has abolished Maury Maverick's Smaller War Plants Corp. as of Jan. 28 and transferred its functions to two old-line agencies. Maverick, just back from a Pacific junket, probably will get another berth soon.

The Reconstruction Finance Corp.

gets SWPC's surplus-disposal activities and lending powers, including a currently authorized fund of \$200,000,000 to speed reconversion of small enterprises. The Commerce Dept. gets the remaining functions, including priorities, the technical advisory service, and the issuance of bimonthly reports to Congress on the condition of small business.

For the Commerce Dept., the acquisition is a curtain-raiser for reorganization of the entire Bureau of Foreign & Domestic Commerce (BW-Dec.8'45,p7). The bureau will be split into three major parts; foreign trade will be headed up by Arthur Paul, now a special assistant to Secretary Henry Wallace; domestic affairs will go to the present chief of the bureau, Amos Taylor, who will stay on despite rumors of resignation; and small business activities, for which Wallace is still hunting a head man.

ORACLE RETIRES

The Civilian Production Administration, temporarily at least, has gone out of the business of forecasting the output of civilian goods.

The reason goes back to November, when CPA released a reconversion report based primarily on data supplied by manufacturers forecasting from three to nine months ahead. CPA warned, at that time, that the rosy estimates were premised on industrial peace and an uninterrupted supply of materials and components. But the warning was ignored and CPA has been kept embarrassingly busy explaining why consumer's goods aren't coming through as "predicted."

CPA POLICEMEN STAY

Despite the closing of field offices for handling priorities applications (BW-Dec.22'45,p5), the Civilian Production Administration is continuing its country-wide compliance staff to police inventories of materials in short supply. However, the staff has been reduced to about 350 persons as compared with some 600 prior to V-E Day.

NEGROES LIKE ARMY

The Army is beginning to worry because, on the basis of total population, the proportion of Negro reenlistments is running considerably ahead of



Warm Welcoming Committee

This welcoming committee . . . mild weather and the Southern Railway System . . . is on hand to give a warm greeting to every new industry coming to live in the South, and to help pave the way to more profitable production and distribution.

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supplies and materials to factory doors . . . and taking finished products to ports and to consuming and distribution centers.

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Yes, you'll find a warm welcome, and plant locations geared to broader opportunities, if you "Look Ahead . . . Look South!"

Ernest E. Harris

President



SOUTHERN RAILWAY SYSTEM

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white, and because the majority of them are asking for overseas service.

While the higher standard of living which the Army provides by comparison with what is within reach of many Negro civilians is sufficient to account for the trend, the desire for overseas service brings in a noneconomic factor. Obviously the attraction of such service lies in the comparative freedom of social life which the Negro can enjoy abroad. That, to the military mind, poses a difficult disciplinary problem.

Incomplete figures reveal that 47,063 Negroes and 305,000 whites had signed up as of Dec. 7. Peak Negro enrollment in the Army was 702,578 on July 1, 1945, out of a total Army strength of 8,266,000.

BIOLOGICAL WARFARE

A destructive force more hideous, if less spectacular, than the atomic bomb was ready for use by the War Dept. when the war ended, and may well be cheaply developed by small countries, according to a formal report handed to the Secretary of War this week by George W. Merck, special consultant on biological warfare.

Rumors that the U. S. was prepared to wipe out half of Japan's rice crop by airborne poison dusts are borne out by the announcement. Airborne disease-producing agents, mass production of micro-organisms, and studies of the effect on plant life of 1,000 chemicals were only a part of the work secretly carried on at Camp Detrick, Frederick, Md.

CHAIN STORE INQUIRY

Rep. Wright Patman, chairman of the House Small Business Committee, is setting the stage for another investigation of chain stores. The Texas Democrat, who rode to fame on his first crusade against the chains a decade ago, is going to put the proposal before his committee when it meets after the holidays.

"I don't see how we can help small business," Patman snaps, "without looking into the competitors who are trying to put them out of business."

OPA BLAMES DEALERS

While a number of lumber dealers are screaming that OPA is dilly-dallying on certain price readjustments that are

clearly justified, reports are heard that the dealers themselves must share part of the blame. OPA won't revamp the existing price structure of lumber products, until it examines the dealer's cost data—which are proving exceedingly slow in coming.

What with the current black market in lumber, cost statistics of some dealers are said to be completely "snafu."

MIDDLE-ROAD HARMONY

The socio-economic views of Robert M. Bissel, who has moved from the War Shipping Administration into the Office of War Mobilization & Reconversion as top economist, are admittedly to the left of the National Assn. of Manufacturers but to the right of those of Robert R. Nathan, whom he succeeded (BW—Dec.8'45,p5). Since that types him as a middle-of-the-roader, like his boss, John W. Snyder, OWMR's internal machinery may be expected to mesh more smoothly.

Issuance of OWMR's next quarterly

report is being timed to reach Congress around the middle of the month, when the lawmakers return from holidaying. The report—fifth in a series, and Snyder's second as OWMR's uneasy head—will include discussions of reconversion progress and the danger of inflation.

REPRINT MONOPOLY?

Current conferences between Reader's Digest and Dept. of Justice lawyers, if successful, would avoid trial of the magazine on charges of monopoly in the reprint field. The government's complaint is that R. D. ties up magazines by exclusive contracts so that other reprint magazines can't use their material even if the Digest elects not to do so.

U. S. TO SEE NAZI MOVIES

Thanks to a few people who believe that un-American censorship is a greater menace than so-called Nazi propaganda,

Housing Expediter May Get Blandford's Post

John B. Blandford, Jr., National Housing Administrator, may soon be sacrificed on the hearth of the housing emergency.

He is battling hard to keep the job he has lived with since the early months of 1942, when the National Housing Agency was created. It's a job he would like to have permanently. At midweek, however, his tenure was in danger, for President Truman had about made up his mind to shelve him in favor of Wilson W. Wyatt, the government's newly appointed housing expeditor (BW—Dec.22'45,p16).

• **Hitch Develops**—The situation came about rather unexpectedly. When Truman handed Wyatt the task of clearing the construction track for home building, it was generally believed that Wyatt would have broad powers to put the White House program into effect (BW—Dec.15'45,p5). The hitch is that Wyatt's post was created within the Office of War Mobilization & Reconversion. Under the act setting up OWMR, Wyatt can't deal directly with other agencies, such as NHA, OPA, and the Civilian Production

Administration. He can only make recommendations to Reconversion Director John W. Snyder—who doesn't see eye to eye with Wyatt on the ins and out of breaking the log jam in housing.

When the effects of this situation dawned on him, Wyatt—who came from a Florida vacation to take over his new post only a few days ago—balked. Truman, having already announced the Louisvillian's appointment with considerable fanfare, was in no position to let Wyatt back out.

• **Job for Blandford**—The quickest way out of this predicament was to promise the housing expeditor he would take over NHA, which would give him the elbow room he demands—and needs.

If Truman does that, he is expected to offer Blandford some other executive assignment, perhaps overseas. The only other out would be for the Chief Executive to drive for quick congressional approval of the Patman bill which, among other things, provides for a housing czar with positive powers to cope with the housing crisis.



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VENUS VELVET PENCILS

AMERICAN LEAD PENCIL COMPANY, HOBOKEN, NEW JERSEY

seized German movie films probably will be released soon to U. S. theaters.

A storm of protest was stirred up by New York's Daily Worker, Rep. Helen Gahagan Douglas, sculptor Jo Davidson, singer Paul Robeson, and others (BW—Jun.30'45,p18). As a result the Alien Property Custodian's office called in a panel made up of Thurman Arnold, Dr. Alexander Meikeljohn, and Ned E. Depinet, representing Eric Johnston's Motion Picture Producers & Distributors of America. This panel has solemnly concluded that the films are not hurtful propaganda, that censorship is repugnant, and that there's some profit in exhibition of the films, especially by "little theaters."

Upshot is that Alien Property Custodian James E. Markham is expected to offer 650 films for sealed bid licenses next month. APC hopes to make \$100 per showing from features and \$50 from shorts, thus saving from limbo such films as Strauss' "Tales of the Vienna Woods," "The Life of Tschaikowsky," "Congress Dances," and "The Brothers Karamazov."

CAPITAL GAINS (AND LOSSES)

Secretary of Commerce Henry Wallace is steering clear of the St. Lawrence project issue (because it's too controversial), thereby antagonizing several proponents who are his best friends on Capitol Hill.

Industry lawyers should note that hearings on the Reece bill to broaden court review of Federal Trade Commission orders (BW—Dec.1'45,p5) have been set tentatively for Jan. 28 by a House Interstate Commerce subcommittee under the chairmanship of Rep. George G. Sadowski of Michigan.

Nice words to the contrary, Washington is disturbed and disappointed that Soviet Foreign Commissar Molotov is not heading the Russian delegation to UNO's first meeting.

That hotly disputed Commerce Dept. report stating that the auto industry can raise wages substantially without increasing prices (BW—Nov.10'45,p15) has been turned over to the President's fact-finding board in the General Motors wage dispute.

—Business Week's Washington Bureau

THE COVER

In cutting back taxes or creating an illusion thereof, earthy Fred M. Vinson will need every trick in the bag—from concealed wire pulling and monetary legerdemain to inspired patter—to please a critical public and congressional audience (page 15).

MODEL 125
1/4 INCH DRILL



MODEL 143T
1/4 INCH DRILL

MALLDRILLS pack the wallop that counts in heavy production or general maintenance work . . .

- ★ Rugged construction for long, hard, continuous drilling of metal, plastics and wood.
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Ask your Supplier for MallDrills, Mall-Saws, Mall Flexible Shaft Grinders, Mall Planes and Mall Chain Saws or write direct for literature and prices.

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PORTABLE POWER TOOLS

FIGURES OF THE WEEK

| | \$ Latest Week | Preceding Week | Month Ago | Year Ago | 1941 Average |
|--------------------------------------|----------------|----------------|-----------|----------|--------------|
| THE INDEX (see chart below). | *173.3 | 172.7 | 169.7 | 231.4 | 162.2 |

PRODUCTION

| | | | | | |
|--|----------|----------|----------|---------|----------|
| Steel Ingot Operations (% of capacity)..... | 80.6 | 62.8 | 82.8 | 94.3 | 97.3 |
| Production of Automobiles and Trucks..... | 10,690 | 17,580 | 13,140 | 20,005 | 98,236 |
| Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands).... | \$10,048 | \$11,334 | \$11,410 | \$4,725 | \$19,433 |
| Electric Power Output (million kilowatt-hours)..... | *3,720 | 4,239 | 4,043 | 4,226 | 3,130 |
| Crude Oil (daily average, 1,000 bbls.)..... | # | 4,480 | 4,448 | 4,706 | 3,842 |
| Bituminous Coal (daily average, 1,000 tons)..... | 1,850 | 2,061 | 2,062 | 1,855 | 1,685 |

TRADE

| | | | | | |
|---|----------|----------|----------|----------|---------|
| Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)..... | 75 | 77 | 78 | 79 | 86 |
| All Other Carloadings (daily average, 1,000 cars)..... | 50 | 52 | 54 | 48 | 52 |
| Money in Circulation (Wednesday series, millions)..... | \$28,649 | \$28,557 | \$28,169 | \$25,335 | \$9,613 |
| Department Store Sales (change from same week of preceding year)..... | +14% | +15% | +9% | +35% | +17% |
| Business Failures (Dun & Bradstreet, number)..... | -7 | 8 | 15 | 22 | 228 |

RICES (Average for the week)

| | | | | | |
|--|---------|---------|---------|---------|---------|
| Spot Commodity Index (Moody's, Dec. 31, 1931=100)..... | 264.8 | 264.7 | 264.3 | 254.5 | 198.1 |
| Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)... | 169.7 | 169.7 | 169.6 | 166.4 | 138.5 |
| Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939=100)... | 234.1 | 232.8 | 231.6 | 223.3 | 146.6 |
| Finished Steel Composite (Steel, ton)..... | \$58.27 | \$58.27 | \$58.27 | \$56.73 | \$56.73 |
| Scrap Steel Composite (Iron Age, ton)..... | \$19.17 | \$19.17 | \$19.17 | \$19.17 | \$19.48 |
| Copper (electrolytic, Connecticut Valley, lb.)..... | 12.000¢ | 12.000¢ | 12.000¢ | 12.000¢ | 12.022¢ |
| Wheat (Kansas City, bu.)..... | # | \$1.69 | \$1.69 | \$1.63 | \$0.99 |
| Sugar (raw, delivered New York, lb.)..... | 3.75¢ | 3.75¢ | 3.75¢ | 3.75¢ | 3.38¢ |
| Cotton (middling, ten designated markets, lb.)..... | 24.56¢ | 24.54¢ | 24.30¢ | 21.72¢ | 13.94¢ |
| Wool Tops (New York, lb.)..... | \$1.330 | \$1.330 | \$1.330 | \$1.340 | \$1.281 |
| Rubber (ribbed smoked sheets, New York, lb.)..... | 22.50¢ | 22.50¢ | 22.50¢ | 22.50¢ | 22.16¢ |

FINANCE

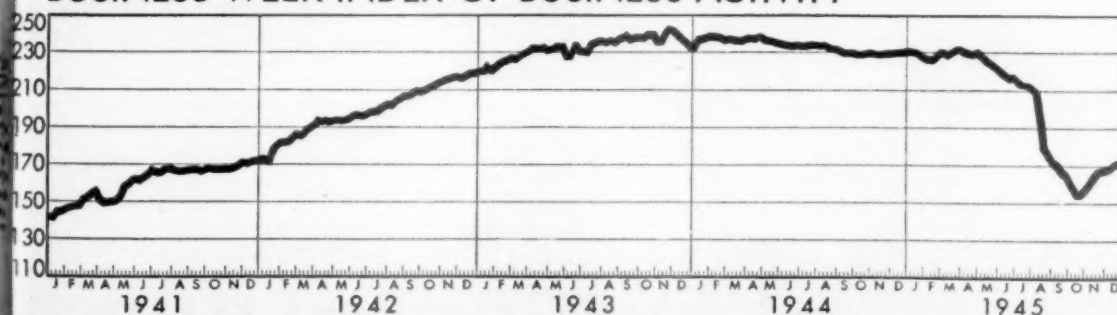
| | | | | | |
|--|-------|-------|-------|-------|--------|
| 90 Stocks, Price Index (Standard & Poor's Corp.)..... | 137.5 | 136.1 | 137.4 | 105.6 | 78.0 |
| Medium Grade Corporate Bond Yield (30 Baa issues, Moody's)..... | 3.06% | 3.09% | 3.13% | 3.48% | 4.33% |
| High Grade Corporate Bond Yield (30 Aaa issues, Moody's)..... | 2.59% | 2.60% | 2.62% | 2.70% | 2.77% |
| Call Loans Renewal Rate, N. Y. Stock Exchange (daily average)..... | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate)..... | 1% | 1% | 1% | 1% | 1-1/8% |

BANKING (Millions of dollars)

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Demand Deposits Adjusted, reporting member banks..... | 37,556 | 37,974 | 40,247 | 35,042 | 23,876 |
| Total Loans and Investments, reporting member banks..... | 67,733 | 68,102 | 62,381 | 59,737 | 28,191 |
| Commercial and Agricultural Loans, reporting member banks..... | 7,268 | 7,241 | 6,778 | 6,518 | 6,296 |
| Securities Loans, reporting member banks..... | 5,709 | 5,825 | 4,119 | 4,016 | 940 |
| U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.. | 48,541 | 48,827 | 45,501 | 43,803 | 14,085 |
| Other Securities Held, reporting member banks..... | 3,363 | 3,323 | 3,248 | 2,948 | 3,710 |
| Excess Reserves, all member banks (Wednesday series)..... | 1,350 | 1,450 | 1,520 | 1,260 | 5,290 |
| Total Federal Reserve Credit Outstanding (Wednesday series)..... | 25,172 | 24,857 | 24,764 | 19,821 | 2,265 |

Preliminary. # Not available at press time. *Revised. ‡Ceiling fixed by government. §Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





THIS LOOKS LIKE A WAR PICTURE but it's right here in the U.S.A. It shows a part of a telephone cable-laying job. We're planning to install 2,100,000 miles of Long Distance circuits within a year.

Lots of action on the Long Distance front

Long Distance calls are still at a high level and there's still pressure on the wires. But we're on the way to giving you more and better service than you've ever had before.

Telephone factories are turning out equipment for peace with the same speed that they turned it out for war. All over the land, telephone men are laying cable, installing switchboards and working on new telephone buildings for the nation's increased needs.

It's a tremendous job and it will take some time and a lot of money. But we're going at it eagerly and efficiently, with every resource at our command.

BELL TELEPHONE SYSTEM

Listen to "THE TELEPHONE HOUR" every Monday evening over NBC



On the Way—a Tax Revision

Congress can be expected to pass a reduction bill this year, but political exigencies will determine extent of relief and who gets it. Big budget leaves scant leeway for cutting down revenues.

As taxpayers next week file their last estimates of what they owe for 1945 under the wartime tax system they will have a modest cut in the new 1946 rates to comfort them.

But most of them will be looking beyond that to the still uncertain date when taxes will settle down to a peacetime basis—presumably at a lower rate.

Official Promises—Sometime during the coming year, Congress and the Treasury are scheduled to make their first stab at setting up a permanent postwar tax program for the country.

This, according to official promises, will be the long overdue revision of the planless patchwork that now serves as a revenue system. The idea is not only to reduce taxes but to simplify them and rationalize them so that the postwar revenue demands of the government will exert the least possible drag on the economy as well as the least possible shock to the pocketbook.

What to Expect—Taxpayers, both individuals and corporations, may save themselves disillusionment if they take these promises at a discount. There still is a chance that tax revision will be a thorough scientific job, but the odds are against it. As things look now, the revenue act of 1946 probably will be a tortured compromise, just as most of its predecessors have been.

No one knows at this stage what the final bill will look like. Even Washington tax experts refuse to quote odds—on the ground that too many political sacred cows are involved and too many basic problems are still unsolved.

Pertinent Points—As a guide to crystal ball gazing, however, these points are worth remembering:

(1) Congressional elections are scheduled for November, 1946.

(2) The federal budget probably will run pretty close to \$25 billion a year after it shakes down. The bedrock minimum is not far below \$20 billion, and there isn't any maximum.

(3) Tax bills in this country are developed by an intricate process of pulling and hauling in which Congress, the Treasury, and a variety of pressure groups are involved. Many a tax program has been turned inside out on its

way through the machine without anyone's knowing quite how it happened.

Practical Certainty—The approaching elections make it practically certain that a tax reduction bill will pass this year. This holds good in spite of recent reports—inspired by congressional leaders who want to discourage out-of-season lobbying—that all tax legislation except some technical changes may be held over until 1947. No congressman wants to go home empty-handed at election time when he knows the voters are expecting something.

Rate cuts in income taxes probably won't apply until 1947, though. Chairman Robert L. Doughton has announced that his House Ways & Means Committee will tackle the question of expanding the social security system be-

fore it starts wrestling with taxes. This means that tax hearings won't begin before late spring. Doughton wants to make the next bill another "quickie," dealing primarily with excises, but even if the question of general revision isn't sidetracked, legislative action on it is likely to string out far into autumn.

For the Interim—In any case, the interim tax relief bill, passed last October (BW—Nov. 3 '45, p. 17), was intended to set the rates for 1946 income, and Congress will want to steer clear of any retroactive rate cuts.

Timing the cuts will be the least of the troubles that Congress will take on. First of all, it will have to decide how big the cuts are to be and who is to get them. And that will bring it solidly up against the thorny problem of how and when the federal budget should be balanced.

Scant Room—If federal expenditures are to stabilize around \$25 billion a year, there will be scant room for any reduction in the net yield of the tax system. Experts figure that the present law (excluding social security payroll levies) will dredge up about \$30 bil-



Adroitly juggling taxes, the budget, and congressional foibles, Secretary of the Treasury Vinson, is one of the capital's busiest men. He found time last week, however, to sign documents with representatives of 27 other nations to put the Bretton Woods Agreement into effect (page 103), to pledge the U. S. to contribute its big share to the initial \$8,800,000,000 International Monetary Fund and to the \$9,100,000,000 kitty of the Bank for Reconstruction & Development. Russia and eight other eligible nations failed to meet the Dec. 31 signing deadline but can participate at any future date if their applications are accepted by the bank and fund governing boards—not yet set up.



SNAGGED BY CIRCUMSTANCE

Minus bumpers and grilles, scores of new cars are halted in their tracks in Ford's Lincoln plant while the company, one of several stymied by suppliers with strike woes, awaits missing parts. Lack of glass forced another Detroit concern, Briggs Mfg. Co., producer of bodies for several

auto makers, to shut down before Christmas. Packard closed for want of bushings and bearings. Meanwhile from Toledo comes a more cheerful note as Willys-Overland announces that, with the end of the strike at Borg-Warner's Gear Division, Muncie, Ind., production would be resumed early in the year. And peace at Borg-Warner probably also spells renewed Studebaker output shortly.

lion a year as long as national income is high enough to provide something like full employment.

In other words, if Congress wants to cut the present tax burden by more than \$5 billion or so, it will have to trim the budget dollar for dollar on anything above that amount; or it will have to forget about keeping the budget balanced except in boom years when tax yields will be at their highest.

• **There's the Rub**—This is where the rub comes. With only \$5 billion leeway, it would be hard to give real relief to any major class of taxpayers, let alone to everyone.

For example, Congress is fairly well sold on the idea of easing the double levy on corporate income, which now bears one tax when the company receives it and another when the stockholder takes it in the form of dividends. But the corporate normal and surtax brings in about \$3,500,000,000 a year. Reductions in wartime excises, scheduled to take effect automatically six months after the formal declaration of peace, will knock another \$1 billion off the annual tax yield.

• **Important If's**—If Congress wiped out the double levy, either by abolishing corporate normal and surtaxes or by giving stockholders a credit for taxes paid by the company, it would have used up practically all its \$5 billion kitty without doing anything for individual taxpayers who don't happen to own stock.

If it started on the other side and began cutting individual taxes, it would

lose approximately \$2 billion for every three percentage points it knocked off the surtax and another \$2 billion or so for each increase of \$250 in personal exemptions.

• **Vinson's Role**—In trying to thrash its way out of the dilemma, Congress may be more than usually receptive to advice from Secretary of the Treasury Fred M. Vinson (cover), who will at least be able to offer a definite program and take the responsibility for it. Vinson knows his way around Congress, and his fellow officials think he made a nice showing in his handling of the interim tax relief bill last fall.

True, Congress cut taxes by \$1 billion more than the absolute maximum Vinson had set, but a Treasury Secretary who can't give or take \$1 billion in dealing with Congress hasn't the temperament for the job.

• **Treasury's Program**—The Treasury is keeping the details of its program under its hat, but the general outlines are clear. It favors a system geared closely to a broad-based, steeply progressive income tax. It wants some increase in exemptions to relieve taxpayers at the very bottom of the scale, and it will agree to a tempering of the heavy "political" rates on the highest incomes. In between, it wants a rapidly rising rate schedule, not much lower than the one now in effect.

On corporate taxes, the Treasury is inclined to favor the British system, which treats the corporation as a withholding agent for taxes on the individual.

• **How It Works**—Under this plan, the corporation pays a tax on its income equal to the basic tax on individual incomes, and then deducts a proportionate amount from the dividends it pays shareholders. Thus, the only tax that the corporation itself pays is on income that it does not pass on to the stockholders.

When the final showdown comes Congress almost surely will settle on a series of compromises.

• **Like This, Perhaps**—A lineup of the final bill something like this is a slight (but only slightly) better than even money bet:

(1) Individual taxes—Increase the personal exemption moderately, perhaps by \$100 or \$150. Reduce top bracket rates by ten percentage points, low and middle bracket rates by three to five percentage points.

(2) Corporate taxes—Reduce corporate normal and surtax (now 38% of incomes over \$50,000) by three to five percentage points. Provide additional favorable treatment for small business. Allow stockholders a partial (but not complete) credit for taxes paid by corporations.

(3) Excises—End wartime increase if proclamation of peace or previous legislation has not already cut them off. Possibly reduce other excises on an item-by-item basis.

(4) Total reduction in revenue—\$8 billion to \$10 billion.

(5) Balanced budget—In good times, maybe yes. In bad times, no.

Going Abroad? Here's How

New year survey of travel conditions shows that American businessmen now can travel to almost any part of globe, but that many of the conditions encountered will be far from normal.

Want to go to Amsterdam? Bombay? or Athens?

You can. The new year finds travel restrictions so eased that an American businessman can journey to practically any part of the world. Tourist travel, however, is restricted to South, Central, and North America.

Getting around is still far more difficult than it was before the war. But if a businessman is willing to buck red tape and go on a catch-as-catch-can transportation basis, he can get to most any foreign city.

• **Steamer Fares Are Low**—Living conditions abroad, although rugged, are not as tough as generally pictured—especially if the traveler is well heeled. Fares from the U. S. to foreign ports, especially by steamer, are surprisingly low. The standard one-class ship fare to England, for example, is only \$150, and to Japan it's \$225. Fares on the luxury liners now plying as troop carriers, of course, range upwards, depending on the ship and accommodations.

Biggest bugaboo in foreign travel today is getting back home. Shipping companies will not book return passage. Virtually all ships are earmarked for returning troops. Airlines, however, will make reservations for return flights. Indicative of the problem is the fact that the British make all visa applicants sign a statement that they are prepared to maintain themselves in the United Kingdom for a year.

• **Passports**—First hurdle in getting abroad, of course, is to get a passport. For destinations within the Western Hemisphere that's a cinch. And certain countries—Canada, Mexico, Newfoundland, Cuba, Bermuda, Bahamas, Guatemala, and Uruguay—don't even require passports. An easily acquired "tourist card," obtainable from consulates, is all that is needed.

Availability of passports for destinations outside the Western Hemisphere depends on whether or not you have a legitimate reason to travel. The State Dept. defines a businessman as "one whose travel will promote the national interest by restoring international trade." All passport requests have to be accompanied by a letter from the employer or company stating why the trip is necessary. So far, about 13,000 businessmen are qualifying monthly.

• **Special Permits**—To visit Germany, Austria, and Japan—still under military

control—special permits have to be obtained from the Joint Chiefs of Staff. Letters of request for these permits, submitted at the time of passport application, have to detail: (1) reasons for travel; (2) proposed time of arrival in the area; (3) complete itinerary; (4) length of stay in each place, and a statement whether or not Army facilities will be required; and (5) the localities, the persons, and the factories that are to be visited.

• **Then the Visas**—Once the traveler has his passport—and that process takes three to four weeks—the next hurdle is visas. And that's where the red tape really begins. Most cooperative foreign nation is Britain. If the traveler's firm has a subsidiary in England, or if he has been doing business with John Bull before, he will get a visa within 24 hours. Otherwise, he may have to wait two months or more for official action; 5% of the applicants have been so delayed and half of these have been turned down.

Of the big countries, France has

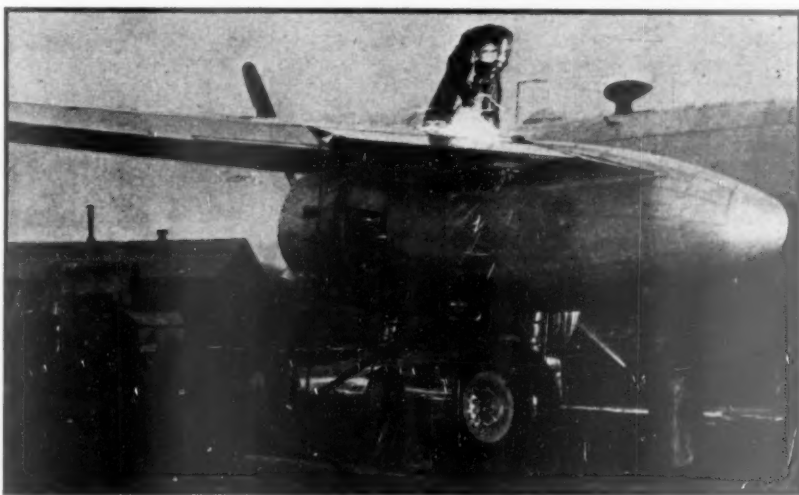
the most red tape. All visa applications have to be routed via the commercial attache, the economic and industrial production missions, and the ministry of foreign affairs. That little run-around can take anywhere from four to six months.

• **Special Plan**—Because of this unwieldy French system, the State Dept. has worked out a special plan with the de Gaulle government. If a businessman obtains from the State Dept. what the French call a "red seal" letter, which states that the travel is in the interest of both nations, a visa will be granted without referral. France is the only country with which the U. S. has a formal arrangement for expediting visas.

Once passport and visas are in hand, what about transportation?

It is not so bad as generally rumored. The big airlines, like Pan American and American Overseas Airlines, report that their reservations are only a month or two in advance. Shipping lines, despite the fact that they are still operating without specific passenger schedules, can provide accommodations in two weeks to a month.

• **Ship Fares Fixed**—As American ships are still operating under the direction of the War Shipping Administration—and will be for at least two more months—all fares are fixed, and the traveler takes potluck on transportation—not knowing whether he will draw a cabin



STUDY IN THE CONVERSION OF A VETERAN

At Alcoa (Tenn.) airport, the B-25 bomber Dottie Annie loses its wings as Aluminum Co. of America inaugurates experiments on five war-weary planes to determine the most feasible methods of salvage. Stripped of their wings, the veteran ships will be towed to Alcoa's huge North Plant, where the dismantling will be completed. The scrapped aluminum will be turned into peacetime implements. Alcoa will report its findings to Reconstruction Finance Corp. at Knoxville, with which it is cooperating in this salvage study.

in a former luxury liner or the vacated gun crew quarters of a rusty Liberty ship. Special reservations can be contrived—at a price—on some of the luxury liners now operating on the troop runs by keeping in close touch with the lines that operate them.

Once aboard, transportation depends wholly on the itinerary. Air transportation, on the continent has made a surprisingly fast comeback. It is possible to fly almost anywhere. Such lines as Swedish Air, Royal Dutch, Danish Air, Royal Norwegian, and Swiss Air are operating regular flights. Fares are higher than prewar. To fly from Stockholm to Warsaw, for example, costs \$72.

• **Army Flights**—The Army, which still maintains a large flight network, will carry American businessmen. Tickets, sold at higher than regular commercial rates, can be obtained by executives flying in the "interest of the nation." Air Transport Command officials have broadly and liberally interpreted the latter definition.

With only about 20% of the prewar rolling stock in operation, European rail schedules are slim. Trains out of Paris are nearest normal. The old Orient Express (Paris to Istanbul) will be running this month. Rail fares are 25% to 50% higher than before the war, and there is a considerable black market in the better accommodations.

• **Conditions Vary**—Travel delays, of course, make close connections very hazardous. It will be a year at least before there is any resumption of near-normal travel.

Hotel and food conditions vary. The American Express Co. reports that businessmen must be prepared to pay

\$18 to \$20 a day for hotel and meals. In Antwerp only one hotel is available, and accommodations have to be booked long in advance. Special arrangements have been made with the Dutch government to billet American businessmen in Amsterdam.

One of the best setups on the continent is in Paris, where the Hotel California has been set aside by the Army and State Dept. for American businessmen. Room rates run from \$4 to \$11 a day. And visitors can get meals for as low as a \$1—which is in sharp contrast to the \$40 meals offered in black market cafes.

• **London Crowded**—London hotel accommodations are virtually impossible to get. Reservations must be made months in advance. Many American businessmen have tried finding rooms in private homes in the suburbs.

As for the Far East, very few bookings have been made by businessmen, and very little is known about living conditions except in India where conditions are normal.

Ship departures for the Orient average about one every two weeks. Travelers on these vessels have to be prepared to wander around the Pacific, probably stopping at a dozen different ports before reaching the ultimate destination. Commercial air traffic to the Orient does not, for the present, extend beyond the Hawaiian Islands. The Army and Navy are still in charge of all flights west of Honolulu.

• **South America**—The majority of businessmen are doing their South American travel by air. Regular passenger ship schedules have not been instituted as yet. Just as in the European capitals,

hotel rooms are extremely difficult to obtain in South American cities. Rio de Janeiro is perhaps the most crowded of all the Latin American capitals.

First major postwar air cruise to South America was recently announced by the American Express Co. The trip, running through six weeks in January and February, will cover more than 20,000 miles, and cost \$2,300. The cruise tour was sold out before the company even finished putting out its "trip tease" travel folder.

Curb on Mergers

Bill now pending would require government's approval of combines concentrating more than 5% of sales in any field.

Closing of an old, much-traveled de tour around the antitrust laws will shortly come before Congress in the Kefauver bill, H. R. 4810. If the bill is enacted, all corporate mergers which concentrate more than 5% of the total sales in any field will be subject to government review. In the case of communications, common carriers, and banks, the reviewing agencies would be the Federal Communications Commission, the Interstate Commerce Commission, or the Civil Aeronautics Administration, and the Federal Reserve Board, respectively. All other fields would be under the jurisdiction of the Federal Trade Commission.

• **House Approval Likely**—The bill has the approval of the powerful House Judiciary Committee headed by Rep. Hatton W. Sumners, Texas Democrat. What Rep. Sumners wants, he frequently gets. It is expected to pass the House, but Senate action is less certain.

Thirty years ago, in Sec. 7 of the Clayton act to curb mergers, Congress prohibited stock acquisitions and holding company control of competing companies when the effect would be substantially to lessen competition, restrain commerce, or create a monopoly. But legal brains soon found that Congress' failure to include direct acquisition of assets provided a loophole to circumvent the restriction.

• **The Loophole Grows**—Successive court decisions widened the path. In *Vivadon vs. Federal Trade Commission* it was held that there was no violation unless the companies were in substantial competition with each other prior to such a merger, and in *International Shoe Co. vs. FTC* it was held that the act did not apply unless competition in the industry generally was affected.

In 1926 the Supreme Court decided

What It Costs to Go Abroad in 1946

By Air

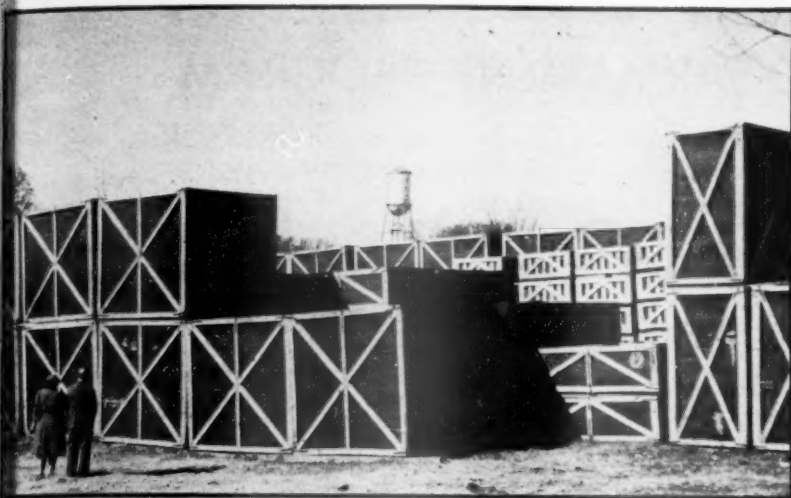
| | | | | |
|-------------------------|-------|---------------|----------------------|-------|
| New York to London..... | \$375 | Miami | to Canal Zone.... | \$120 |
| Lisbon | 390 | | Lima | 310 |
| Stockholm | 496 | | Buenos Aires... .. | 490 |
| Cairo | 718 | | Rio de Janeiro.. .. | 493 |
| Calcutta(*) | 1049 | | Mexico City | 100 |
| Sydney(*) | 1769 | Los Angeles | to Mexico City | 86 |
| Monrovia | 637 | San Francisco | to Honolulu(f) .. | 278 |

By Ship

| | | | |
|----------------------------------|-------|---------------------------------|-------|
| East Coast Ports to England..... | \$150 | West Coast Ports to Japan | \$275 |
| North France.. .. | 165 | Philippines .. | 275 |
| Poland | 200 | South China.. .. | 275 |
| Adriatic Ports.. .. | 225 | North China.. .. | 250 |
| Calcutta | 375 | Peru | 200 |
| Brazil | 250 | Chile | 250 |
| Argentina | 275 | Ecuador | 175 |

(All foregoing steamer fares are the quoted fixed rates as set by the War Shipping Administration. WSA rates do not apply to foreign flag vessels. Fare, for example, on the Cunard White Star's *Queen Mary* to England varies between \$211 and \$251, depending on accommodations.)

(*) Via London. (f) No commercial flights west of Hawaiian Islands.



FROM ONE HOUSING SHORTAGE TO ANOTHER

While communities the country over are scouring the byways for houses, huts, and trailers to shelter their homeless, Greenville (Ga.) folks are wistfully eying some 160 prefabricated houses (above), crated since last fall for shipment to Europe. It is reported that France paid cash for them and that the U. S. can't touch them. Under a contract that terminated with lend-lease, Tovell Construction Co. turned out more than 1,000 houses for France and Britain, is now competing in the home market (BW—Dec. 22 '45, p. 84). Meanwhile, Atlanta's share-the-home campaign got off to a spectacular start when Gov. Ellis Arnall offered to rent rooms in the executive mansion to veterans.

by a split vote (FTC vs. Western Meat Co.) that if the acquiring corporation used its stock purchase to get title to the physical assets before the commission issued a complaint, a subsequent order by the commission for the corporation to divest itself of the assets was unavailing. In 1934, in the Arrow-Hart & Hegeman Electric Co. case, the court held that if the acquiring corporation secured title to the assets prior to an FTC order forbidding acquisition of stock, the commission had no power to do anything about it.

• **Merger Trend Shown**—Since 1927, FTC has been perfunctorily recommending in its annual report year in and year out that the detour be closed, but last spring, in hearings on the Kefauver bill, FTC Chairman Ewin L. Davis, chief counsel W. T. Kelley, chief statistician Roger E. Barnes, and members of the economic staff placed in the record a detailed picture of merger trends in such industries as farm implements, foods and baking, building materials, chemicals, drugs, salt, ice, milk products, liquor, tires, and footwear. A House judiciary subcommittee reported the bill favorably and the full committee is expected shortly to report it to the House with a recommendation for passage.

Exempted from the acquisitions prohibited by the Kefauver bill are pur-

chases of stock for investment only, formation of subsidiaries for legitimate purposes, purchase of branch lines of common carriers, previous legal acquisitions, and transactions okayed by Interstate Commerce Commission, Federal Communications Commission, Federal Power Commission, Securities & Exchange Commission, Surplus Property Administration, and Civil Aeronautics Administration.

• **Public Interest to Decide**—The public interest in preventing monopoly is the yardstick which the administrative agencies are to apply in determining whether to approve mergers resulting in a concentration of over 5% of sales in a given field. Orders prohibiting an acquisition are enforceable by the circuit courts, which have jurisdiction to review such orders on appeal, but the findings of fact by the administrative agency issuing the order are conclusive "if supported by testimony."

It is this feature of the bill which is most likely to be attacked by industry, which is concerned over the tendency of court decisions to give administrative agencies not only final jurisdiction over the facts in proceedings before them, but even final jurisdiction in choice of an appropriate remedy. The result is no court review at all, in the opinion of many lawyers. This is the same issue

as that involved in the pending Reece bill, on which hearings are expected to start the latter part of January (BW—Sep. 1 '45, p. 7).

• **Can't Renege**—One feature of the Kefauver bill which industry is expected to indorse provides that "upon consummation of any acquisition pursuant to the required finding by the FTC, that there will be no restraint of trade, etc., no proceedings shall thereafter be brought by the government on the ground that such acquisition constituted a violation of Section 7 of the Clayton act, as amended."

In other words, once a merger is okayed, there will be no antitrust prosecution on that transaction. The Justice Dept., always opposed to "declaratory judgments," doesn't like it.

Weak Germany?

Drastic FEA proposals for deindustrialization are viewed skeptically by State Dept. and British are frankly opposed.

The issue of what to do with Germany's basic industries, vital to her ability to wage war, was forced into the open over the holidays. Public release, through the Kilgore war mobilization subcommittee, of the Foreign Economic Administration's Enemy Branch program for economic and industrial disarmament of Germany tipped the lid to this Pandora's box in the closet of the Allied occupiers.

• **Four-Pound Program**—The FEA program, four pounds of text and documentation which are the result of 15 months' work, proposes the harshest scale-down of German industrial capacity since the Morgenthau plan to reduce Germany to a state of small-scale agrarians.

It is a definitive, industry-by-industry design (table, page 20) for injecting life into the Berlin and Yalta declarations of the Big Three, which demanded that Germany's industrial and economic capacity to wage war shall be so reduced and controlled as to make it impossible for it ever again to become an aggressor nation.

• **How Plan Grew**—The little-publicized plan (BW—Dec. 29 '45, p. 107) combines the ideas of several hundred government and industrial leaders working through some 30-odd committees whose recommendations, completed secretly last summer, have now been distilled into a comprehensive over-all program by the FEA Enemy Branch staff, headed by Henry H. Fowler.

Except for some chemicals, for which

FEA'S GERMAN DISARMAMENT PROGRAM

(1) Industries to be completely eliminated from the German economy by removing all present productive capacity and prohibiting restoration, and by requiring Germany to import future civilian peacetime requirements:

| | | | |
|---|---------------------------------------|----------------------------------|---|
| All military items, including all types of aircraft and all oceangoing shipping | Calcium cyanamide | Synthetic methanol | instruments (except civilian cameras) |
| Abrasives | Heavy trucks | Synthetic oil | Electronic equipment (except domestic radios) |
| Antifriction bearings | Light metals (raw aluminum magnesium) | Synthetic rubber | |
| | | Technical and scientific optical | |

(2) Industries to be curtailed in capacity by removing present capacities in excess of peacetime civilian requirements, leaving Germany self-sufficient by no more:

| Product | Wartime Rate | Permitted Peacetime Rate | Capacity to Be Removed |
|--|--|--|-------------------------------------|
| Automotive..... | 331,000 units (1937) | 90,000 units (2,500-lb. max. unit weight) | 241,000 units |
| Chemicals: | | | |
| Fixed nitrogen..... | 1,600,000 tons | 250,000 tons (for fertilizer use only) | 1,350,000 tons |
| Nitric acid..... | 970,000 tons | (No program; further study in Germany recommended) | |
| Calcium carbide..... | 1,725,000 tons | 200,000 tons (for acetylene gas only) | 1,525,000 tons |
| Chlorine and alkalis..... | 535,000 tons (chlorine) | 75,000 tons (chlorine) | 460,000 tons |
| Sulphuric acid..... | 2,500,000 tons | 1,000,000 tons | 1,500,000 tons |
| Primary tar distillates..... | Unknown | Limited to amount needed for coal distillation plants under steel program | Unknown |
| Steel ingots and castings..... | 21,500,000 tons (from plant capacity of up to 25,000,000 tons) | Rated capacity 5,000,000-6,000,000 tons to produce 5,000,000 tons (alloy steel limited to 600,000 tons of which not over 30,000 tons high alloy steel) | 16,500,000 to 20,000,000 tons |
| Pig iron..... | 16,000,000 tons | Limited to needs of steel program | None |
| Iron ore..... | | Production plus import limited to needs for steel program | |
| Fabricated aluminum..... | Unknown | Capacity for 40,000 to 50,000 tons utilizing not over 30,000 tons imported ingot | |
| Oil refining..... | 3,100,000 tons | Capacity to process 750,000 tons of crude | 2,350,000 tons |
| Electric power..... | 22,000,000 kw. | 9,000,000 kw. | 13,000,000 kw. |
| Fabricated rubber..... | | Capacity to process 30,000 tons of crude | |
| Machinery..... | 2,570,000 tons (1936) | 1,200,000 tons | 1,370,000 tons (plus war expansion) |
| Machine tools..... | 4,000,000 tons of stock | 500,000 tons of stock; capacity to replace at rate of 25,000 tons | 3,500,000 tons of stock |
| Gage and precision tools..... | | Remove 17 largest plants | |
| Metal-cutting tools..... | | Remove 15 largest plants | |
| Optical glass, inland shipping and shipbuilding, transportation, forest products | | Limit capacities and fixed plant to amounts required for peacetime civilian economy | |
| Radios (domestic)..... | | Limit production capacity to peacetime civilian needs and concentrate production in one district under supervision | |

(3) Products, the imports of which would be prohibited, licensed, or placed under surveillance of control authorities and later international authority:

| Prohibited | Licensed | Surveillance |
|---|---|--|
| Calcium carbide | Bearings | Aluminum ingot |
| Chlorine | Nitrogen compounds | Steel ingot |
| Caustic and soda | Nitric acid and synthetic methanol | Optical and ophthalmic glass |
| Sulphuric acid | Pig iron, ferro-alloys, iron ore | Specified metals and non-metallic minerals |
| Primary tar distillates | Electronic equipment | |
| Forest products (except special wood fibers or pulp for high-grade paper) | Rubber (synthetic and natural) | |
| Alumina and bauxite (except for refractories and chemicals) | Technical and scientific optical instruments | |
| Magnesium and metal (except for approved uses) | Heavy trucks | |
| Machinery and machine tools (except where needed tools cannot be made in Germany) | Chromium | |
| Uranium and other radioactive elements in any form | Manganese, nickel, tungsten, molybdenum, vanadium | |
| | Abrasives | |

a further on-the-spot study is urged, the FEA report recommends that specific amounts of known German plant capacities in about two-score industries be removed from Germany and either made available for reparations or destroyed (table, page 20).

• **Outright Prohibitions**—In addition to such obvious production as military items and aircraft, the FEA plan proposes prohibiting all production in Germany of raw aluminum and magnesium, synthetic rubber, oil and methanol, abrasives, antifriction bearings, electronics, oceangoing ships, and heavy trucks. It further proposes reducing German production capacities to an economy which will be built around a 5,000,000-ton steel industry (from 21,500,000 war-year tons) and a 9,000,000-kilowatt power industry (from 22,000,000 kw.).

In addition to the industrial scale-down, the FEA program contemplates scrapping all prewar and wartime German cartel and external industrial ownership controls which aided in German dominance of European economy. Also recommended is the shutting down of German scientific and laboratory operations in military and related fields and

a strict licensing of other research activities.

• **International Areas**—Another facet of the program, which obviously will appeal to the French, is a proposal for permanent internationalization of the Rhine, Ruhr, and Palatine areas under the United Nations Organization—but only after completion of the recommended deindustrialization with the production of these areas counted against the German total in calculating removals.

The FEA plan stands out today as the only detailed program thus far released for dismantling Germany's war machine. The plan could put the American member of the Allied Control Commission at Berlin in a strong position in the negotiations with Britain, Russia, and France to implement, in physical terms, the high purposes of the Big Three at Berlin.

• **A Recommendation**—The FEA program, however, is carefully labeled as a recommendation only, and there is no apparent disposition in the State Dept. to forward it to Berlin with any formal blessing. In the department, there is lip service for the principles in the Fowler report (which are not new).

But there is a lot of headshaking over what might result from taking these principles too literally; also over what are termed the program's omissions.

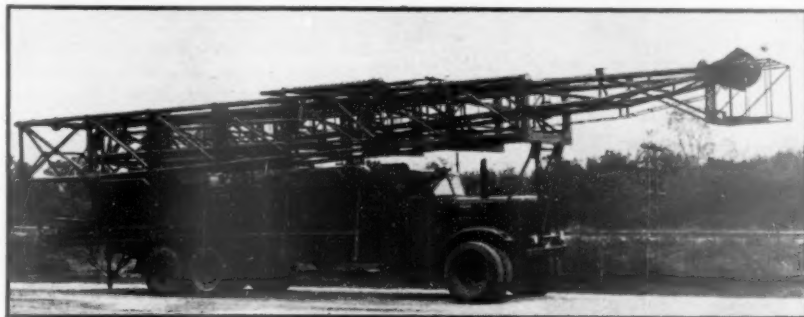
Furthermore, State takes the position that the American member on the Allied Control Commission must not be handcuffed by instructions from Washington on details, but rather given the broad American policy and left free to give and take in negotiations with the other powers. State feels that this precedent has been set by the Berlin and Yalta declarations, the famous Order 1067 which was General Eisenhower's charter, and the recent pronouncement of Secretary James F. Byrnes.

• **British Opposition**—The British are franker. They make no bones about being opposed to wholesale removal of German industry from Germany. London policy makers are more keenly conscious than America's experts that the industries of all of western Europe were so closely geared to the Ruhr supply zone before the war that they must be completely reorganized and reoriented now if it is reduced to the proportions proposed by FEA.

Likewise Germany would shrink from

TRAVELING RIGS

Having played a vital war role, portable oil well drilling rigs are now coming into their own in important U. S. oil producing areas. After the Nazi invasion, Russia ordered 100 self-contained derricks (above)—telescoping rig, pump, and powerplant on a truck—from Franks Mfg. Corp., Tulsa, Okla., and recently ordered 25 more. Another type, product of George E. Failing Co., Enid, Okla., is being used by the Navy to explore Alaskan oil resources; still another, the jackknife cantilever (below)—made by Lee C. Moore & Co., Pittsburgh—comes in heights ranging from 94 to 126 ft.,



can be mounted on trucks or steel foundations. Swiftly moving to oil fields, the rigs can be elevated, start drilling within a few hours. Another claim is that they reduce costs by enabling companies to drill or service from 50 to 100 wells within a few

months, and that they eliminate the cost of maintaining permanent derricks. The prevailing standard rigs, however, are not bowing out in the face of such competition; they're comfortably holding their own where the drilling goes beyond 10,000 ft.





NATIONAL DISPATCHER

In Washington, Col. J. Monroe Johnson, director of the Office of Defense Transportation, thumps for action to break the rail jam on the West Coast where 170,000 homecoming veterans were marooned last week. Reason: There were just too many passengers—including an unprecedented mass of holiday-traveling civilians. Relief hove in sight when Johnson, through the Assn. of American Railroads, began transferring eastern and southern cars west, but more grief appeared when a shortage of crews for coastal ships threatened to shift a heavy burden on already overtaxed railroads.

its position as a major outlet for their exports to that of a relatively poor market. The economic chaos which would inevitably result, and the possibility that Russia would seize the opportunity to spread communism in western Europe, help to explain London's desire for some less drastic plan.

• **Earlier Proposal**—The British lean toward the more lenient program proposed several months ago by a special U. S. survey mission headed by Calvin Hoover. But, since the Hoover report was never publicized, and since it is reported to contain far less detail, the public has only the FEA study as a guide to what might be made the basis for settling the German problem.

Oddly enough, the British tend to label the FEA approach as restrictionist foreign trade policy—because it would automatically reduce the volume of trade in a former key market. They ask pointedly how the U. S. with its predi-

lection for free trade can think of supporting such a scheme.

• **As Experts See It**—The report, apparently anticipating such an attack, argues that consummation of its deindustrialization program would enhance free trading in western Europe by eliminating the stranglehold of German cartel arrangements and external ownership controls.

Fowler's experts hold that, after a period of reorientation, their program would result in a leveling off of German export-import activities at a balanced 5.2 billion reichmarks annually (approximately \$1,280,000,000).

• **FEA's Keynote**—Both the British and the State Dept. shy away, too, from the keynote of the FEA program, a persistent repetition through its text that whatever the cost to European economy of ending Germany's supplier role of heavy industrial goods for western Europe, the price is cheaper than the risk, to Europe and to the world, of allowing Germany to keep industrial plant in excess of its internal minimal needs which it could again use for making war.

The State Dept. points out that disarmament would affect the whole broad problem of rehabilitating Europe, and apparently rejects the FEA contention that Germany must be stripped of export capacity, regardless of the economic consequences of such an act to neighboring countries.

• **For Adjustment**—FEA anticipates this criticism but argues that the answer lies in a similarly detailed study of how the western European economy can be adjusted to removal of German capacity.

Again the British are franker. Germany has long been the supplier of western Europe, they argue, and it would be catastrophic to attempt to transplant German factories to other nations—both because it would destroy the traditional export-import activities of Europe and because the other peoples of Europe would not be able to get as much production from the same amount of equipment, due to their inexperience. Further, from the limited experience thus far gained by the occupying forces, the British contend that the other nations won't accept secondhand German factories on reparations account.

• **A Safeguard?**—It isn't often mentioned but some British leaders frankly admit the viewpoint that a revived and industrially strong Germany under British (Allied) domination might eventually provide a welcome safeguard against a possibly aggressive Russia.

The FEA program's prospects of becoming a reality, in its industrial details at least, do not appear overly bright.

Senator Harley M. Kilgore, West Virginia Democrat and chairman of the committee which staged the special hearing to get the plan unveiled, is the only vocal exponent of the policy of moving German industry out of Germany.

• **Each in Its Own Way**—On the scene each of the four occupying powers is proceeding in its own individual way with the job of earmarking surplus plant in its respective zone as available for reparations, sale, or destruction, but only Russia has really bitten into the task.

There is no indication at all that the Allied Control Commission has reached any decision on the broader problem of policy which can be made applicable to Germany as an entity.

Homes Seek UNO

Rivalry of cities seeking to be world capital is intensified as choice is narrowed to the New York and Boston areas.

Decision to locate the United Nations Organization in the eastern United States shattered the hopes of many an ambitious community, including San Francisco which godfathered the new world government. Other municipalities that were encouraged by the fact that they were east of the Mississippi (the first revision made by the UNO preparatory commission) have had their hearts broken by more recent decisions.

Last week a UNO committee again narrowed the possibilities. It eliminated the South "because of racial prejudice" and the Middle West because of what the British delegate called its isolationism. Then it announced that the final selection would be limited to the general area of New York and Boston.

• **Another Sifting**—Next move is for a special subcommittee to visit this country and sift the candidates down to about six from which the UNO assembly will make its final decision. A six-nation UNO subcommittee will leave London early this month to study the remaining sites. They are to report back to the assembly by February.

As the eliminations increase, competition among the survivors grows more intense. Kindly souls familiar with the local patriotisms and the inexorable hospitality of American chambers of commerce have warned the UNO delegates that they must proceed with caution.

• **Hands-Off Policy**—The UNO preparatory commission is doing just that. Because of resentments sure to rise in disqualified communities and the political implications thereof, Washington is con-

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Suppose a business concern buys a dozen or more insurance policies from several different sources, with no *one* properly qualified broker coordinating the whole program. Then an unforeseen loss occurs, and it develops that everybody's business was nobody's business, and that none of the policies covered that particular situation.

There is a solution for problems like this. We call it "multiple-line" brokerage, and it is the corner-stone of the Johnson & Higgins method of doing business. *All policies for all risks in all lines* are carefully planned by a staff of skilled technicians, and then bought in the open market—from one company or many. Other technicians recommend loss prevention measures and expedite the collection of claims.

All this—and more—is done through our organization acting as an intermediary between insured and insurance company—not a salesman, but a buyer and adviser—representing the policyholder at every step of the way.

Write or telephone to our office nearest your place of business. We would like to explain "multiple-line" brokerage to you . . . and how this nation-wide organization represents you, the insured, at all times . . . with "no axe to grind but yours."

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Pfaudler Glass

First Aid

FOR YOUR RESEARCHERS

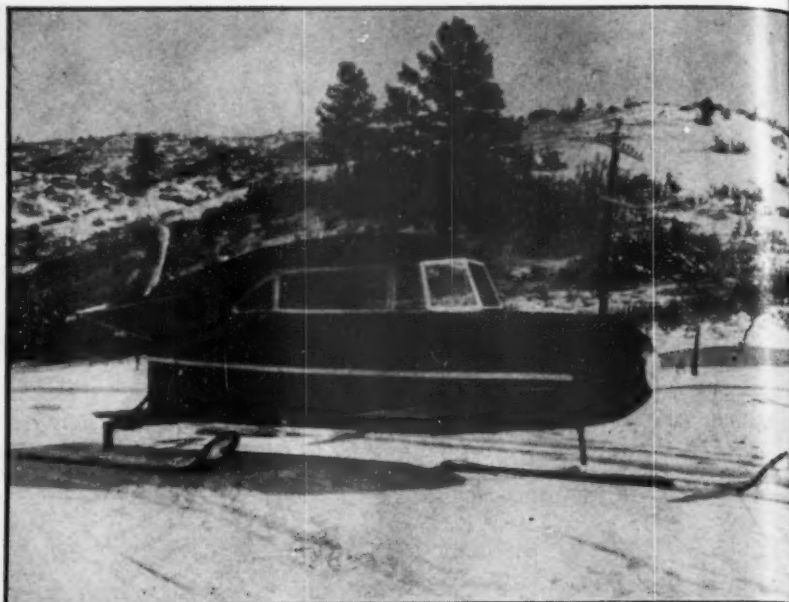


THE best way to find out how useful Pfaudler glass-lined steel equipment can be to you is to see that your researchers have some of it available for experimental work . . . especially if acids are involved.

What is available? Pfaudler experimental units include stills and reactors from 2 to 100 gallons. They are steam jacketed, equipped with pulley or motor driven agitators, built for pressure work and can be connected either with laboratory glass ware or glass-lined pipe, fittings, etc.

How it is used? There are dozens of ways Pfaudler acid-resisting glass-lined steel units can be used. Among some of the more common are these: to determine probable cost of product; to obtain probable yield; to line up possible manufacturing hazards; to test changes in process believed desirable after commercial units are in operation. There are many more. May we tell you about them? The Pfaudler Co., Rochester 4, N. Y.

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ROCHESTER 4, NEW YORK
WORLD'S LARGEST MANUFACTURER OF
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OVERLAND "FLYER" FOR ROADLESS TRAVEL

Driven on skis by a small aircraft engine and pusher-type propeller, the Sno-plane is a streamlined winter vehicle for cross-country transportation. Among the features of this 550-lb. machine are: a glass-inclosed cabin seating four persons, a 65-hp. engine, and sealed-beam headlights. It's being built by Davis & Price Co., Durango, Colo., is being used by trappers, telephone and telegraph linemen, and field agents of the U. S. Bureau of Reclamation.

tinuing its hands-off policy (BW-Oct. 20'45,p32). But individual Americans in London can and do drop in a word of warning where it will do the most good. The UNO commission is using such guidance to prepare rules governing the amount of entertainment that the visiting subcommittee should accept from the rival cities.

Don't be surprised if the British get their wishes in this matter. Britain, France, and Holland headed a bloc which fought for a European site for UNO headquarters. They were voted down, but their feelings have been tenderly handled since then. It was their stand that eliminated the Pacific Coast after Prof. C. K. Webster, British delegate, had cried almost tearfully, "Chivalry and sound judgment are dead in the world if the seat [of the UNO] is put 3,000 miles farther away from Europe."

• **Criteria**—The British bloc can now be expected to pull for an eastern site that is as near as possible geographically and as congenial as possible from a cultural standpoint. In New England a Briton finds a way of life most closely resembling his own.

In London the delegates are already chopping away at the remaining cities with general objections. A site in or too near any big city would mean high

cost of realty, expensive operation, and too many diversions.

• **An Hour's Drive**—Still they don't want to be cut off entirely from night clubs and theaters for fear that the delegates would become bored. A New Zealand delegation thought the headquarters ought to be 50 to 100 miles from the nearest city. There was immediate and passionate objection.

Consensus was that the headquarters should be about an hour's drive from a first rate metropolis. (The Russians don't want to be too handy to big towns for fear of anti-Communist demonstrations over unpopular Soviet actions.)

• **Preparing to Impress**—Meantime rumors multiply. They add to the excitement as officials of commerce chambers, Rotary, Kiwanis, real estate boards dust off their striped pants, polish up on their oratory, and lay out routes of inspection best calculated to impress the UNO committeemen. Any civic enthusiast worth his chicken croquettes will merely redouble his efforts when he hears that some rival community has the prize in the bag.

One report is that Hyde Park, N. Y., is a likely winner because it is about the right distance from New York City and the Roosevelt name retains its prestige in international affairs. Boston feels

The FIRST Word in FANS

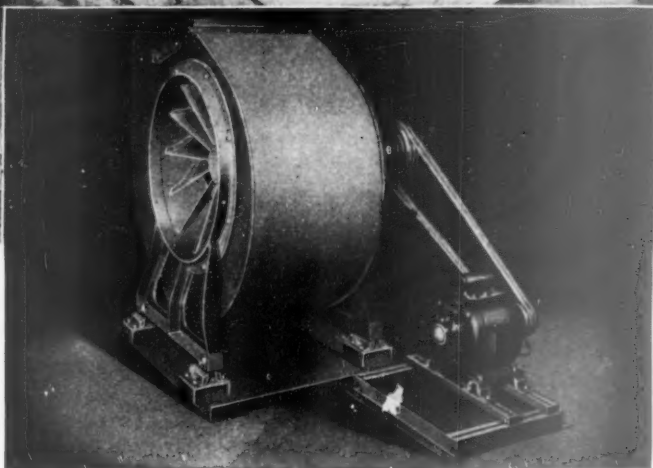
● One of the earliest known fans is this ornate, long-handled fan shown cooling the lovely Queen Nefertiti of ancient Egypt. Only high-ranking nobility could enjoy such luxuries as fans in those days...and it was a high honor to be the fan-bearer!



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systems, this popular "Buffalo" fan has the famous "Limit-Load" characteristic . . . assuring non-overloading of the motor. Call a "Buffalo" representative in your city for expert advice in choosing the right fan for *your* air problem.

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Skillful...Intelligent

Iowa offers alert industrialists interested in greater profits a dependable supply of the finest labor in the world! In Iowa, you can be sure of a steady supply of intelligent, quality-minded, hard-working labor. Iowa farm boys learn about machinery and mechanical equipment early in life and this training makes them particularly adaptable to factory work. Ranking first in the nation in literacy, Iowa affords for industry intelligent, competent labor, representing 98 of the 100 skilled labor crafts! The Iowa population is 94.7% native born white! These men and women are good citizens, sympathetic with democratic government and free enterprise. Bring your industry to Iowa... where fair labor laws, a cooperative government interested in industrial development and this dependable supply of superior labor combine with excellent transportation facilities and extensive utilities to offer you a greater and more profitable industrial future!



To interested executives this valuable reference book containing a complete picture of industrial opportunity in Iowa is available upon request. Included are vital statistics on population, existing industry, agriculture, raw materials, markets, transportation, and living conditions. Write for your free copy now and see how you can profit by bringing your plant to IOWA! Address: 722 Crocker Bldg., Des Moines 9, Iowa.

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| *Boston, Mass. | St. Louis |
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| Cincinnati | Tuskahoma, Okla. |
| Denver | Valley Forge, Pa. |
| Delaware (State) | Virginia Beach, Va. |
| Detroit | Williamsburg, Va. |
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| Indiana States Island off Rhode Island | |
| Jefferson City, Mo. | Oahu Island, Hawaii |
| *Lexington District, Mass. | Quebec |
| Miami, Fla. | Vancouver Island |
| Monterrey Peninsula, Calif. | International territory composed of either Navy Island in the Niagara River or Sugar Island near Sault Ste. Marie |
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Where LABOR is Abundant...
Skillful...Intelligent

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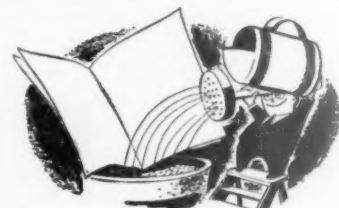
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ago (BW-Dec.2'44,p20), because it gave married couples the option of entering into a community property contract, instead of conferring that status on them as an incident to marriage.

The new law will probably never have to face the hazard of a court test since the Internal Revenue Bureau has, in effect, agreed not to attack it.

It is possible that the income-tax applicability of all nine state community property laws will be challenged soon. The Treasury Dept. favors legislation with exactly the opposite effect—to require joint returns from all married couples regardless of whether each spouse has separate income.

• **Encouraged By Ruling**—The department may push for such a law at the next session of Congress, for it is encouraged by a recent Supreme Court decision which ruled valid an amendment slipped into a wartime act permitting the Internal Revenue Bureau to disregard state community property laws in levying inheritance taxes.

While that decision would not necessarily mean that the high court would rule similarly on compulsory joint return legislation, some Treasury officials and members of Congress feel that it opens the door to a test.

Mail Rate Fight

Post Office Dept. pushes plan to make the entire system self-sustaining. Business users may find costs hiked sharply.

Business users of the mails, especially those using parcel post and those who send advertising and books by third or fourth class mail, are facing the prospect that success will attend one of the hardest drives in history to raise rates.

The case that the Post Office Dept. is presenting to an attentive Congress has already pushed two bills through the House and a third one out of committee. The program is designed to make the entire postal system self-sustaining.

• **Receptive Mood**—Congress, of course, may temper its action after pondering the rebuttal of such interested groups as the National Council on Business Mail, the National Paper Trade Assn., and the American Assn. of Newspaper Editors. Hearings on second and third class mail rates have not yet been scheduled. The current desire for tax reduc-

tions and less government expenditures is, to date, apparently making Congress receptive to the Post Office Dept. arguments.

Gist of the postal officials' case is in the \$950,000,000 deficit that has piled up during 15 years (1930-44) which the Treasury, i.e. the taxpayer, had to make up. Only profit maker is first class mail which netted \$1,800,000,000, in that period while second class mail lost \$1,244,000,000, third class mail lost \$366,000,000, fourth class \$303,000,000, free services cost \$420,000,000, and other services lost \$600,000,000.

• **Wage Increases**—It is true that there was an over-all \$156,000,000 surplus in the fiscal year ending July, 1945, but the illusory nature is shown by predicted revenue cuts that have already begun. The new Postmaster General Robert H. Hannegan presumably wants no unnecessary deficits.

Biggest new expense will be an item of from \$100,000,000 to \$140,000,000 voted as wage increases to postal workers, effective last July 1. Workers' pay had not been raised in 20 years.

About \$60,000,000 revenue will be lost by the proposed cutback to 2¢ local letter rates and by the expiration six months after the officially declared end of hostilities, of wartime tax which inured to the Post Office Dept. on parcel post at the rate of 3%, a minimum of 1¢ per parcel, and 33½% on registry fees.

A third setback will come from reduced business when troops are home again. (The 80,000,000 parcels sent overseas in 1944 netted neat profits because long hauls pay better than short hauls, and because the armed forces stood the expense of delivery after the packages arrived at U. S. ports.)

• **Subsidy Criticized**—Charles A. Heiss, retired comptroller of the American Telephone & Telegraph Co., is advising the Post Office Dept. in its case for higher rates. In a series of reports (BW—May26'45,p35) he is telling Congress why the department should not "run subsidy for certain businesses."

This study of the most recent figures for one year show that first class mail netted \$180,000,000 profit, but the second class (newspapers and periodicals) showed a deficit upwards of \$100,000,000, third class (circulars and miscellaneous printed matter weighing less than 8 oz.) a deficit of \$25,000,000, fourth class (parcels, catalogs, books over 8 oz.) a deficit of \$15,000,000 (of which merchandise alone accounted for \$12,000,000). There were other losses too.

A government business like the Post Office should not be run at a loss, say Heiss, and a U. S. monopoly (first

Parcel Post Rates May Jump Sharply

Proposed rates for parcel post (other than books and catalogs) line up like this: Charges would increase 3¢ on the first pound in the first six zones (up to 1,400 mi.) and 2¢ for the seventh and eighth zones. They would remain the same on additional pounds in the first and second zone (up to 300 mi.) and decrease in all more distant zones.

For the first time, rates are proposed for parcels 9 oz. to 12 oz., lower than the first pound rate. Estimated average increase based on the foregoing suggested changes is 2¢ a parcel which should increase revenues about \$16,000,000.

(In the following table, the old rate is given in parentheses after the proposed rate.)

| Zones | 9 Oz. to 12 Oz. | First Lb. | Each Additional Lb. up to 70 |
|-------|-----------------|-----------|------------------------------|
| Local | 8¢ | 10¢ (7) | .7¢ (5) |
| 1 & 2 | 9¢ | 11¢ (8) | 1.1¢ (1.1) |
| 3 | 10¢ | 12¢ (9) | 1.8¢ (2) |
| 4 | 10¢ | 13¢ (10) | 2.9¢ (3.5) |
| 5 | 11¢ | 14¢ (11) | 4.6¢ (5.3) |
| 6 | 11¢ | 15¢ (12) | 6.5¢ (7) |
| 7 | 12¢ | 16¢ (14) | 8.4¢ (9) |
| 8 | 12¢ | 17¢ (15) | 10.4¢ (11) |

Books, which can now be mailed for about 3¢ per lb. regardless of distance, would be charged 5¢ for the first pound locally and up to 12¢ for the eighth zone. Additional pounds, up to 10, would cost 1¢ to 5¢ per lb., depending on zone. Over 10 lb. books would cost from .7¢ to 4.8¢ per lb. These rates are estimated to put book handling on a self-sustaining basis.

Catalogs weighing more than 8 oz. would have rates above those prior to rates of Mar. 26, 1944, as follows: first pound, up 1¢ locally, up 2¢ in all other zones. Additional pounds would be upped ½¢ locally and in first and second zones (150 mi.), left unchanged in the third zone, materially reduced in all other zones. Changes are designed to bring in \$1,340,000 additional revenue.

The Symbol That Came To Life!



The man who walks into your factory wearing this symbol is the living embodiment of a service which gives you the correct answers to your problems in efficient mechanical transmission of power. He's the Dodge Transmissioneer.



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Your Transmissioneer is qualified to select the power drive equipment which best meets your specific needs. His knowledge and experience, plus Dodge products, provide the up-to-date solution of your power transmission problems.

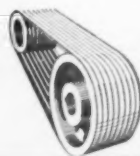
Look in the classified telephone directory under "Power Transmission Equipment" for the Transmissioneer in your territory. He will advise you, without obligation. Your needs can usually be supplied from Dodge distributors' stocks. Transmissioneer means advanced design in power drives.



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Assembling and disassembling power drive components is part of the intensive factory training which leads to a Transmissioneer's diploma.



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NAME PLATES

CURTISS-WRIGHT CORPORATION
AIRPLANE DIVISION-BUFFALO PLANTS
BUFFALO, N.Y.

September 12, 1945

Buell Engineering Co., Inc.
70 Pine Street
New York 5, New York

Gentlemen:

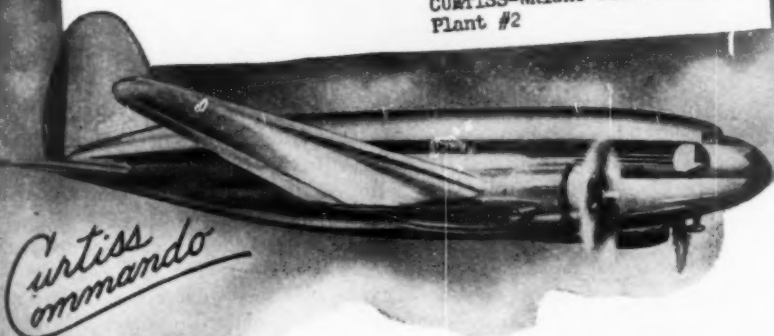
It is a pleasure to answer the recent inquiry from your Engineering Department checking upon the mechanical operation of the Buell Dust Recovery Systems installed in our three plants.

Buell Fly Ash Collectors have been in service on twelve (12) boilers since 1941, operating continuously.

Since the time of their installation, they have cost us nothing for maintenance or repair. Their collection efficiency has fully met our requirements, and they have accomplished in a highly satisfactory manner the job for which they were installed.

Yours very truly

Guy Maher
Guy Maher, Plant Engineer
CURTISS-WRIGHT CORPORATION
Plant #2



• **BUELL DUST RECOVERY SYSTEMS** are used throughout industry in the collection or reclamation of many kinds of dust, in numerous production and process operations. Hundreds of satisfied industrial users will attest to Buell's—"High Efficiency, Low Maintenance, Long Life."

Write for Buell's new, revised book "The Buell (van Tongeren) System of Industrial Dust Recovery" now in its fourth printing.

BUELL ENGINEERING COMPANY, INC.
60 Wall Tower, New York 5, N. Y.
Sales Representatives in Principal Cities

buell
DUST RECOVERY
SYSTEMS

DESIGNED TO DO A JOB, NOT JUST TO MEET A "SPEC"

class mail) should not make a profit but should be operated at cost. He and former Postmaster General Frank C. Walker agree that the Post Office should have its own accounting system, as a tool to improve its methods, rather than rely on the General Accounting Office, which is practically a policeman that supervises only its honesty.

• **Bills Pending**—Before the Senate Committee on Post Offices now is a bill passed by the House to increase parcel post rates 2¢ per piece, on the average, so written that its increase affects chiefly parcels going 300 mi. or less—which covers most of them. Another bill asks raises on catalogs, and a third, still in the House, would raise book postage. According to the 1928 act which established the parcel service, it should be self-sustaining (the only postal service for which this is stipulated). It never has been.

The 1928 act, incidentally, is the basis for postal officials' reply to the National Council of Business Mail, which wants all classes of postal rates considered together in a single bill when rate revision is discussed. Heiss thinks an attempt to consider all rates at once would result in confusion and delay that might last for years.

• **Study of Profits**—The Post Office has not made up its mind what to ask for on second class periodicals and newspapers yet, but it can be predicted that a study of business profits will be used to support a recommendation for rates producing more than the present average revenue of 1.9¢ a lb.

To raise the question why the average voter, the man who pays the profit on first class mail, should "subsidize private concerns" the Post Office will cite figures to show that a national magazine group, for instance, is making a profit of 34%, a mail-order men's furnishing company nets 16%, a big daily newspaper 20%, and a certain mail-order company 11½%.

The department will add that if second and fourth class rates are increased, obviously local letters can come down to 2¢ again and, as Hannegan has already suggested, air mail to 5¢. Heiss doesn't think it is "fair to distribute a certain monthly digest magazine at a rate of about four for 1¢."

• **What Business Says**—The replies of newspapers and magazines to the Post Office proposals are not hard to guess. They make the point that they are disseminating information in a democracy, and aver that new competition from the radio and the movies has added to their expenses. Mail-order houses will argue that rural and small town buyers benefit from low parcel post rates by being able to buy in cheaper markets from a more varied stock. Mail

advertisers say that small businesses, which cannot afford page space in magazines, need the low third class rates to advertise competitively with big companies.

Congress has been told that the Post Office makes a profit of 1.2¢ on each of the 16,000,000,000 letters it now handles in a year. Businessmen who want this profit applied against deficits in other postal services may find lack of support in Congress.

• **Wanted: a Policy**—Win or lose, the Post Office wants Congress to write a policy decision and decide whether or not the Post Office should subsidize anyone, to what extent, and at whose expense, or should it become a solvent nonprofit government business.

Storm Finder

Army reveals new static direction device which enabled planes to avoid bad weather. Network of three stations used.

The eternal hope that some day man will be able to do something about the weather caused a flurry last week in the office of Maj. Gen. Harry O. Ingles, the Army's chief signal officer, when he ended the secrecy on a "static direction finder" used to locate storms.

• **Good for 2,000 Mi.**—In brief, the network of weather observers consisted of three stations, at the University of Florida, Gainesville; at Red Bank, N. J.; and in Newfoundland. Each used a \$5,000 set of electronic tubes which could catch and record the familiar radio static which a storm causes. They could detect static that originated as far as 2,000 mi. away. By triangulation, the location and identification of the storm were then plotted.

Especially valuable over the Atlantic, where weather observers on ships were scarce or voiceless because of need for radio silence, the atmospheric, or "spherics," system was used considerably in 1944 and somewhat less in 1945. Many Army Air Forces convoys were warned successfully to avoid storm areas.

• **Not a New Science**—In reality, spherics has added little to methods of weather forecasting and has been known and used since 1911 when the U. S. Navy experimented with a cathode ray oscilloscope, forerunner of the radio tube, which British science was using to track down hurricanes.

F. W. Reichelderfer, chief of the U. S. Weather Bureau, a Navy officer in the 1920's, bought two of the English sets and used them at the Anacostia (Md.) Naval Air Station and at Lake-

SPECIALISTS in the ills of business...



The Business Doctor examines the enterprise . . . probes, prescribes, and sometimes operates on its internal operations. Aiding him are a staff of specialized engineers, each an expert in one or more phases of industry. Their job is to make the patient well . . . fast.

SMART companies, like smart people, get a regular check up from their doctor . . . others call only when the corporation is seriously sick.

Whatever the case, the management engineer and his staff study symptoms, make a survey of all facts . . . determine the cause of profit deterioration . . . seek reasons for the sickness. Is it functional

failure of the human factor, patchwork planning, spotty selling, inadequate distribution or ineffective advertising?

With his diagnosis and directives, the management engineer saves many corporate lives, and jobs of thousands of people. The profession materially helped the prosecution of the war . . . and by intelligent planning is speeding reconversion to peacetime production.

McBee men are not management engineers . . . but our methods and products, plus forty years' experience aid the business doctor by making business facts available faster.



THE McBEE COMPANY

SOLE MANUFACTURERS OF KEYSORT

295 Madison Avenue, New York 17, N. Y. . . Offices in principal cities

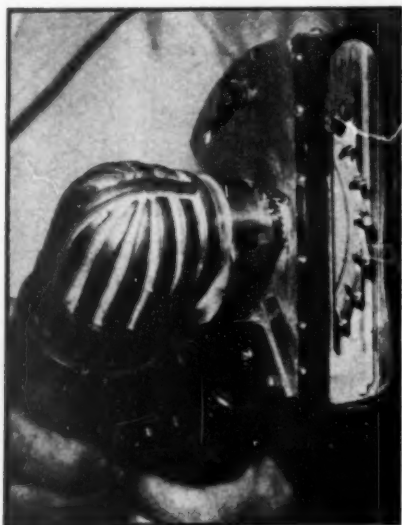
hurst, N. J. Interest cooled, however, until 1940 when the Army borrowed these old sets and began experiments which it now hails as promising new and better eyes for transoceanic planes or planes flying polar routes.

Spherics is conceded to be a better method of observation for waste areas than hard-to-maintain meteorological stations, but on continents its present use is negligible. It will aid continental weather forecasting in the United States, however, by tracking storms in the Pacific which often affect weather over the land.

• **Verified by Flight Checks**—To date the Army Signal Corps plant in Philadelphia has produced 32 sets, some of which were shipped to Europe, some to the Pacific.

During the tests over the Atlantic, two B-17 bombers made about 50 flights to check weather observations made by the spherics static recorders. They verified 81% of the data, which encouraged the AAF to go ahead with its network plottings.

But when the big hurricane of the autumn of 1944 developed in the Caribbean, one of spherics greatest defects appeared. The hurricane made static only until it recurved, then it became a ghost storm that gave no signals to the network even though most of its destructive work occurred only after it had recurved.



Sky Plate Boost

Maxson incorporates food division, plans stock issue and big expansion program. Partly cooked meals are featured.

Strange offspring of the W. L. Maxson Corp., consulting engineers and manufacturers of such things as electric power systems, gears and gear boxes, rectifiers and gun turrets, is the company's Food System Division. Their common bond is the inventive genius of W. L. Maxson, whose inventions include a multiple machine-gun mount and a price computer by which gasoline station pumps register dollars and cents as well as gallons.

• **Stock Issue**—In 1944 Maxson established the food division as an outgrowth of his own interest in freezing cooked foods. Since last April it has been supplying the Navy Air Transport Service with the Maxson Sky Plate—a partly cooked, frozen meal unit on a disposable plate. Last week Maxson set this war baby on its own feet by incorporating it as Maxson Food Systems, Inc., and completing its initial financing and distribution plans.

Through F. Eberstadt & Co., 475,000 shares of 50¢ dividend convertible pre-

ferred stock in the new company are being offered at \$10 per share. The parent company will retain control through its ownership of 550,000 of the 1,200,000 shares of no-par value common stock authorized, most of the remainder being held in reserve for conversion of the preferred stock.

• **Expansion Planned**—Proceeds of the financing will be used to expand the business. By the end of this year the new company's present plant in Queens Village, Long Island, N. Y., will be one of several which are expected to have a combined potential annual output of 25,000,000 meal units. The plants will be strategically located in relation to consumer markets and areas. They will also package single portions of local food specialties—seafood in New England, meat in the Midwest and vegetables in California are examples—for assembly into meal units. Maxson's 30 to 40 distributing plants.

A Maxson Sky Plate usually consists of meat and two vegetables whose defrosting and final cooking can be accomplished quickly in the consumer's kitchen. Typical combinations are steak with green beans and French fried potatoes; luncheon loaf with spinach and sweet potatoes; broiled baked ham with French toast and stewed prunes. The package is a three-compartment laminated cardboard plate, attractive enough for table use (no dishwashing). Its cover is fastened tight with a flexible plastic rim, and the entire package is heat-sealed in laminated cellophane.

• **Special Oven**—Maxson's distributing plants will wholesale the Sky Plate to food retailers, and retail prices will range from 70¢ to \$1 per plate. The company hopes to start distribution on the eastern seaboard late this spring and attain national distribution within about a year.

Not necessary to the use of the Sky Plate, but a convenient adjunct, is the Maxson Whirlwind Oven—a lightweight, thermostatically controlled oven equipped with baffles to prevent the food from dehydrating. It defrosts and finishes cooking a Sky Plate in 15 minutes, compared with 35 to 40 minutes required in an ordinary kitchen range. Various models have been devised which operate on electricity, gasoline, gas, or kerosene. At present the oven's use is confined to defrosting any frozen foods, and processing the Sky Plate, but Maxson hopes to make it versatile enough to tempt consumers to spend \$25 to \$50.

• **Airline May Adopt Idea**—No small part of the new company's business will be in supplying the institutional trade arrangements are pending for a major airline to serve Maxson Sky Plates to passengers on all flights.



FOR DUSTLESS THERMOSTAT INSTALLATION

Boon to apartment dwellers, an electric buzz saw (left) which inhales dust cuts a precise channel (right) in walls for quick and easy installation of thermostat controls. Developed by Minneapolis-Honeywell Regulator Co., the unit is credited with cutting through plaster at speeds up to 10 ft. a minute, has a vacuum attachment which draws dust into a water-filled container. The narrow groove in the wall which it cuts permits insertion of tubing. The groove is then patched with plastic filler and masking tape to hide the scar.

always believed in keeping STRONG

"Whatever is right can be achieved through the irresistible power of awakened and informed public opinion. Our object, therefore, is not to enquire whether a thing can be done, but whether it *ought* to be done, and if it ought to be done, to so exert the forces of publicity that public opinion will *compel it to be done*."

W R Hearst

In 1903 the Hearst Newspapers saw their proposal for an Isthmian canal approved as America signed a treaty with Panama.

In 1910 the Hearst Newspapers predicted that air power would determine victory in future wars.

In 1917 the Hearst Newspapers came out for universal military service.

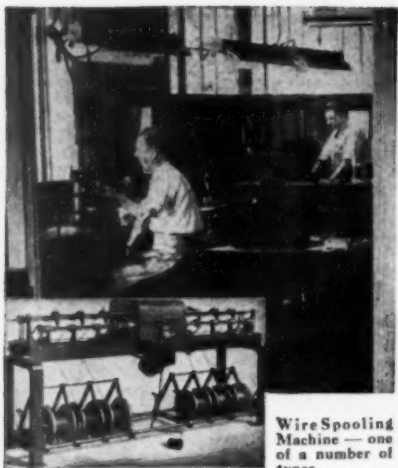
In 1928 the Hearst Newspapers called for a great fleet of submarines as well as swarms of planes.

In 1932 the Hearst Newspapers demanded military control of the Hawaiian Islands to make them a defense base for America against Japan.

In 1941 the Hearst Newspapers were still calling for more planes, ships, and bases when death rained from the skies at Pearl Harbor.

In 1945 the Hearst Newspapers republished editorials written by William Randolph Hearst in 1940 urging universal military training.





Wire Spooling Machine — one of a number of types.

Precisioneering

—a significant, practical word

—tells you more about

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The performance of FIDELITY MACHINES in terms of production, low operating and maintenance costs, is the inevitable outgrowth of high precision, sound engineering, close control and constant inspection—operations so aptly described by this one expressive word — "Precisioneering."

All of these benefits have been accruing to users of FIDELITY MACHINES throughout this and other countries for well over a third of a century, in such operations as knitting, braiding, winding, spooling and taping in the textile, wire, rubber hose, packing and many other industries.

Special bulletins on the different machines and a book describing manufacturing facilities and Precisioneering practice are available. Your letterhead will help us select those of likeliest interest to you.



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FIDELITY
MACHINE COMPANY

3908-18 Frankford Avenue, Philadelphia 24, Pa.

Global Carrier?

Worldwide service, using rigid-type airships, is suggested by Goodyear Aircraft. It's still just a \$50,000,000 idea.

A worldwide transportation system, without competition from a similar carrier, is waiting for the individual or group willing to invest an estimated \$50,000,000 with the Goodyear Aircraft Co., Akron.

• **Range of 7,000 Miles**—For the fifty million Goodyear Aircraft will provide six 950-ft. rigid-type airships, each with a capacity of 10,000,000 cu. ft. of helium. Six 1,050-hp. motors would give such ships a speed of 90 m.p.h. and a range of 7,000 mi.

In addition to the six airships, said to be the minimum needed to cover the already laid out round-the-world routes, Goodyear Aircraft would provide data on airship operation, navigation, and engineering accumulated by its engineers during the past 29 years.

Goodyear engineers say that the first ship could be placed in service within 18 to 24 months and successive ones at six-month intervals.

• **Some Interest Shown**—To date, however, the absence of money for purchase of airships has been conspicuous, despite a vigorous promotion campaign (BW—Nov. 4 '44, p. 22). Interest has been

indicated by some steamship lines and one or two airlines. United Nations Airship Co., Washington, has made definite moves toward getting into the field.

Figures gathered through the year when airships were operated both by the Germans and by Goodyear show that costs are such as to assure a fair profit on investment.

James N. Bissell, facts and figures executive of Goodyear Aircraft, says that an initial passenger fare of 5¢ a mile would be feasible, with a sizable reduction possible once new traffic is created for airship travel.

• **180,000-Lb. Payload**—On cargo Bissell asserts that a 10,000,000-cu. ft. capacity airship can carry 180,000 lb. of payload cargo on a 2,500-mi. trip for 9½¢ per ton-mile; that a movement of 140,000 lb. of payload cargo could be carried on a 4,000-mi. trip for 12.2¢ per ton-mile.

He also contends that in comparison to the airship feat it would require to fly boats to carry the 180,000-lb. cargo for the 2,500-mi. jaunt at a cost of 16.2¢ per ton-mile—a difference of 6.7¢ per ton-mile in favor of the airship.

• **Better Construction**—On the subject of safety, biggest obstacle to acceptance of the airship by a public whose confidence was shaken by repeated disasters, airship engineers assert that advances in materials, especially the aluminum alloys, will permit stronger construction without increased weight.

Concerning the tragic failures of the past, airship proponents argue that the



BUSES TO BEAT THE HEAT—AND COMPETITION

Appropriately adorned with mock icicles, an air-conditioned bus is being offered to San Antonio citizens—to beat the competition of private autos, now that gasoline rationing is a thing of the past. What the San Antonio Transit Co. calls the "world's first" air-cooled bus in city service is a forerunner of a fleet of 100 to be in operation by the end of the year. Built by ACF-Brill Motors Co., the test bus, like Georgia Power Co.'s trolley in Atlanta (BW—Sep. 1 '45, p. 26), is air conditioned by Carrier Corp. The San Antonio company proclaims that in summer weather, "It'll be 15 degrees cooler inside."

loss of the Hindenburg, at Lakehurst, N. J., in 1939, was due entirely to the fact that it was filled with inflammable hydrogen. They say that the Shenandoah, a "first" ship built on the basis of "captured" information, broke in two after being taken into a storm of violent air currents by a crew that did not have the advantage of weather forecasting available today. The Akron, a strong airship, was lost because of a navigational error, induced by a faulty altimeter, when it was taken into the center of a storm over the Atlantic. As for the lost Macon, investigations are said to show that the craft was taken aloft on a military mission when it was known to be needing repairs.

• **On the Other Side**—In the face of these wrecks, airship engineers point to the Graf Zeppelin, 14 years old when it was finally grounded after having completed a total of 634 trips during which it had covered 1,220,385 mi. without a mishap.

Routes mapped for a worldwide airship transportation system include non-stop flights between New York and London, New York and Natal, New York and South Africa, New Orleans and Valparaiso, San Francisco and Shanghai, Los Angeles and Manila with a stop at Honolulu, and between Los Angeles and Auckland.

Goodyear Aircraft engineers' wartime achievement of turning out Navy Corsair planes has been recognized as outstanding. They would be happy to turn back to the company's first and only true love, the airship. The only fly in the ointment—who is going to furnish the money—and when.

Plant Shared

Five concerns lease space in government-owned factory as multiple tenancy plan gets its first test in Birmingham.

After months of planning and weeks of dickering, the Reconstruction Finance Corp. is getting under way with what it calls its first experiment in multiple tenancy renting of one of the big government-owned war plants. Five small industries, employing an estimated 200 workers, are taking over 159,000 sq. ft. of the 2,000,000 sq. ft. that are available for rental in the Bechtel McCone aircraft modification plant at Birmingham, Ala., with RFC as the landlord.

• **Hopes to Rent All Space**—Lewis Jeffers, former Bechtel McCone publicity man, who now manages the property for RFC, has several other prospective tenants in sight, some of them pretty good sized. Eventually, Jeffers hopes to rent practically all of the 2,000,000 sq. ft. available in the various bays and auxiliary buildings of the modification center.

The five companies that have signed up for space so far are: Southern Furniture Co., which will do a general repair and upholstering business; Aero Supply Co., aircraft parts and accessories; Elliott System, concrete blocks and prefabricated concrete houses; Aircraft Sales & Service, Inc., repairs, service, and rentals of aircraft; Mill & Tex-



Source of profit . . .

'Budgit' Electric Hoists have proved themselves the source of profit to management and labor alike, in shops and plants where they're used on production, assembly, and inspection lines, to lift heavy tools, machine parts, and machines.

Freed from the danger of strain or rupture, when loads are lifted electrically, a worker turns his time and energy into greater production. That means lower operating costs to management and reduces lost man-hours. This means profit. For the worker—it means good health, no back-breaking fatigue; ability to enjoy family and friends during his leisure hours.

'Budgit' Hoists weigh little, but they'll lift loads up to 4,000 pounds—easily, quickly, smoothly, with an efficiency that's amazing. They're complete hoisting units that only need to be plugged into the nearest electric socket and put to work; and they'll work day after day with the minimum of attention.

Why not check your production, assembly, and inspection lines today for spots where 'Budgit' Hoists are needed to lift loads or handle tools?

'Budgit' Hoists are portable, electric hoists built to lift 250, 500, 1000, 2000 and 4000 lbs. Prices start at \$119 list. For further details, write for Bulletin No. 356.



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Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

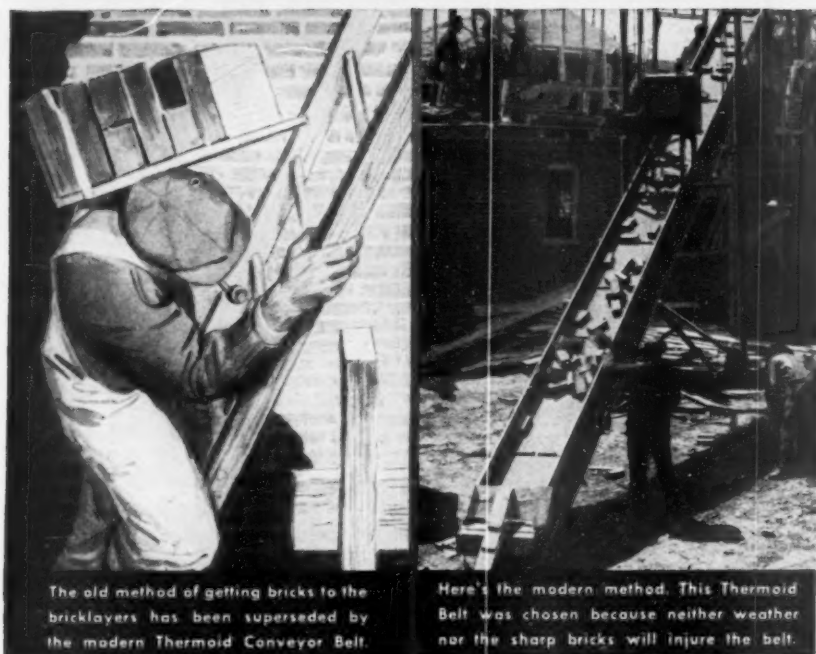
What's Happening to the Cost of Living

| | Food | Clothing | Rent | Fuel, Ice, & Electricity | House Furnishings | Misc. | Total Cost of Living |
|---------------------|-------|----------|-------|--------------------------|-------------------|-------|----------------------|
| August, 1939..... | 93.5 | 100.3 | 104.3 | 97.5 | 100.6 | 100.4 | 98.6 |
| January, 1941*..... | 97.8 | 100.7 | 105.0 | 100.8 | 100.1 | 101.9 | 100.8 |
| October..... | 111.6 | 112.6 | 107.5 | 104.0 | 114.4 | 106.9 | 109.3 |
| October, 1942..... | 129.6 | 125.9 | 108.0 | 106.2 | 123.6 | 111.8 | 119.0 |
| October, 1943..... | 138.2 | 133.3 | 108.0 | 107.8 | 126.7 | 117.6 | 124.4 |
| October, 1944..... | 136.4 | 141.9 | 108.2 | 109.8 | 141.4 | 122.8 | 126.5 |
| November..... | 136.5 | 142.1 | 108.2 | 109.9 | 141.7 | 122.9 | 126.6 |
| December..... | 137.4 | 142.8 | 108.3 | 109.4 | 143.0 | 123.1 | 127.0 |
| January, 1945..... | 137.3 | 143.0 | 108.3 | 109.7 | 143.6 | 123.3 | 127.1 |
| February..... | 136.5 | 143.3 | 108.3 | 110.0 | 144.0 | 123.4 | 126.9 |
| March..... | 135.9 | 143.7 | 108.3 | 110.0 | 144.5 | 123.6 | 126.8 |
| April..... | 136.6 | 144.1 | 108.3 | 109.8 | 144.9 | 123.8 | 127.1 |
| May..... | 138.8 | 144.6 | 108.3 | 110.0 | 145.4 | 123.9 | 128.1 |
| June..... | 141.1 | 145.4 | 108.3 | 110.0 | 145.8 | 124.0 | 129.0 |
| July..... | 141.7 | 145.9 | 108.3 | 111.2 | 145.6 | 124.3 | 129.4 |
| August..... | 140.9 | 146.4 | 108.3 | 111.4 | 146.0 | 124.5 | 129.3 |
| September..... | 139.4 | 148.2 | 108.3 | 110.7 | 146.8 | 124.6 | 128.9 |
| October..... | 139.3 | 148.3 | 108.3 | 110.6 | 146.6 | 124.5 | 128.9 |

* Base month of NWLB's "Little Steel" formula.

Data: U. S. Bureau of Labor Statistics; 1935-39 = 100.

Thermoid — Key to Progress in Many American Industries



The old method of getting bricks to the bricklayers has been superseded by the modern Thermoid Conveyor Belt.

Here's the modern method. This Thermoid Belt was chosen because neither weather nor the sharp bricks will injure the belt.

SINCE 1880, Thermoid has contributed to the progress of American Industry. In many fields of business Thermoid Products play an indispensable part. For instance, the George Haiss Manufacturing Company, manufacturers of portable conveying equipment, chose Thermoid Conveyor Belting for the portable brick conveyor shown above.

The Thermoid Line* is the result of 65 years of research and experience that not only has kept pace with the demands of industry, but in many cases anticipated industry's needs.

The Thermoid Line* of belting and hose for materials handling and power transmission may contain the key to another step forward in the improvement of your process and the reduction of your costs.—"It's Good Business to Do Business With Thermoid."

*THE THERMOID LINE INCLUDES: Transmission Belting • F.H.P. and Multiple V-Belts and Drives • Conveyor Belting • Elevator Belting • Wrapped and Molded Hose • Sheet Packings • Industrial Brake Linings and Friction Products • Molded Hard Rubber and Plastic Products.

Thermoid Rubber

DIVISION OF THERMOID COMPANY
TRENTON 6, NEW JERSEY

tile Supply Co., which deals in mill supplies.

• **War Plant Survey**—Plans for multiple tenancy utilization of the modification center were worked out by Birmingham businessmen, but RFC and other government agencies have been playing with the general idea for a couple of years. Smaller War Plants Corp., before its liquidation, made an elaborate study of 1,339 war plants with a total floor area of 426,800,000 sq. ft. for which the government wants to find owners or tenants.

SWPC concluded that 471 plants with an area of 132,200,000 sq. ft. are physically well suited for multiple tenancy and that another 368 plants with 103,300,000 sq. ft. are partially adaptable to it. RFC experts and many industry representatives are considerably more pessimistic. They think that the out-of-the-way location of many government war plants will rule them out for multiple tenancy use even if their physical characteristics don't.

• **Adjacent to Airport**—The Bechtel McCone plant, Birmingham's major war baby, employed some 9,000 workers in its heyday, most of them local residents. It is about 7 mi. from the downtown section, adjacent to the municipal airport, and consists of the main modification building (1,300,000 sq. ft.) as well as some 60 auxiliary structures.

AIR-CONDITIONING TRUCE

The Justice Dept. last week got about all that could be desired in a consent decree when it settled its antitrust action against major air-conditioning equipment manufacturers.

Under the decree, entered in federal court in New York City, air-conditioning patents will be dedicated to the public, and the patent holding company, Auditorium Conditioning Corp., which the five defendant manufacturing concerns operated, will be dissolved.

Defendants are prohibited from enforcing any rights or collecting any royalties under the Auditorium patents, and from acting in concert to fix charges or royalties for the installation, manufacture, use, or sale of air-conditioning units or equipment, according to Wendell Berge, Justice Dept. Antitrust Division head. In its civil action, the government had charged Auditorium licensees made 90% of all air-conditioning comfort and industrial installations.

Defendants, besides Auditorium, included the Carrier Corp., B. F. Sturtevant Co., York Ice Machinery Corp., Ross Industries Corp., American Blower Corp., and five officers of the defendant firms.

Contributor to Industrial Advancement Since 1880

Newsreel Race

End of wartime pooling is signal for keener competition. Advantages of 16-mm. film forecast its wide adoption.

Competition between the newsreels has always been at a high pitch, except for the war years when the five companies set up a cooperative pool for interchange of news clips. In addition, each had access to war footage regularly made available by the armed services, and shot originally by combat cameramen.

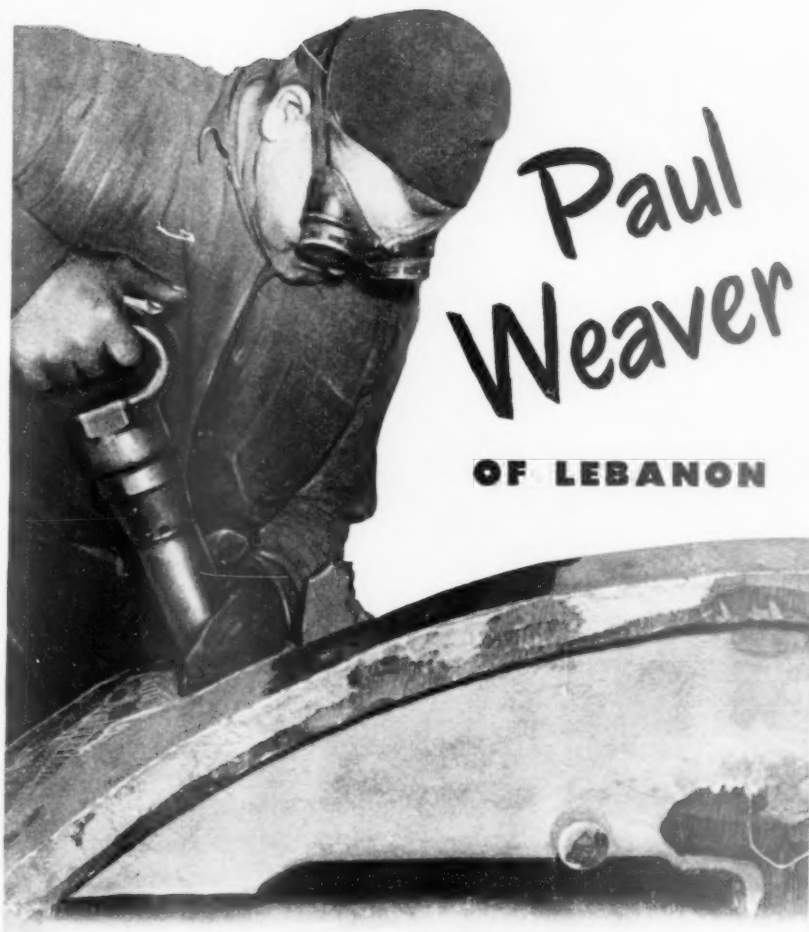
• **Many Prints Needed**—With the pooling arrangement concluded several weeks ago, each of the newsreels—Paramount, Pathe News (RKO), Universal, Fox Movietone, and News of the Day (M-G-M)—is planning worldwide coverage to intensify the competition that existed prior to 1942.

Newsreels have long been expensive to produce in comparison to revenue. Staff cameramen have to be maintained on worldwide scale, while additional footage has regularly been bought from free lance photographers. Because of the timeliness of current events generally shown in each issue, the number of release prints must be large to cover theater bookings within a reasonably short time.

• **16-Mm. Film Used**—All of the newsreels are increasing world coverage. At least one (reportedly Paramount) is setting up an organization of film correspondents who will use 16-mm. film negative. Experiences during the war have demonstrated the advantages of the 16-mm. film. Shots taken on the smaller film can be enlarged to regulation 35-mm. size without too great a loss of photographic definition.

The smaller negative and cameras required are more convenient to handle for shooting news events than the larger 35-mm. size. More important, however, is the reduced weight of 16-mm. film for shipping, which will allow air expressage from virtually any part of the world—with the New York editorial headquarters a maximum of about 50 hours from any important event anywhere. There is no doubt that all the newsreels will adopt the 16-mm. coverage, especially in those countries that heretofore have not had film correspondents.

• **Warner News Expected**—Warners, only one of the Big Five producer-distributor companies operating theater circuits without a newsreel, is expected to set up such an enterprise shortly. In 1942, Harry M. Warner, president,



Chips STEEL to Chip COAL Faster



THE coal industry anticipates high demand for years to come... but expects that new types of equipment will speed up operations to meet this demand. Paul Weaver... for ten years a chipper at the Lebanon Steel Foundry... helps produce this new equipment that will safeguard America's heating comfort and industrial production.

Paul often works on pressure-tight castings of corrosion-resistant Circle D alloys that serve in mine de-watering pumps. He also helps to finish other castings of the tough,

impact-resistant Lebanon steels that find wide use in mine drills.

The skills of men like Paul Weaver... as well as the expert knowledge and the modern equipment of the Lebanon Steel Foundry... are now available to every industry. Lebanon's full resources are ready to help you with your casting problems... and immediate production of certain types of castings is now possible. Talk it over with a Lebanon metallurgist or foundry engineer.

LEBANON STEEL FOUNDRY, LEBANON, PA.

"In the Lebanon Valley"

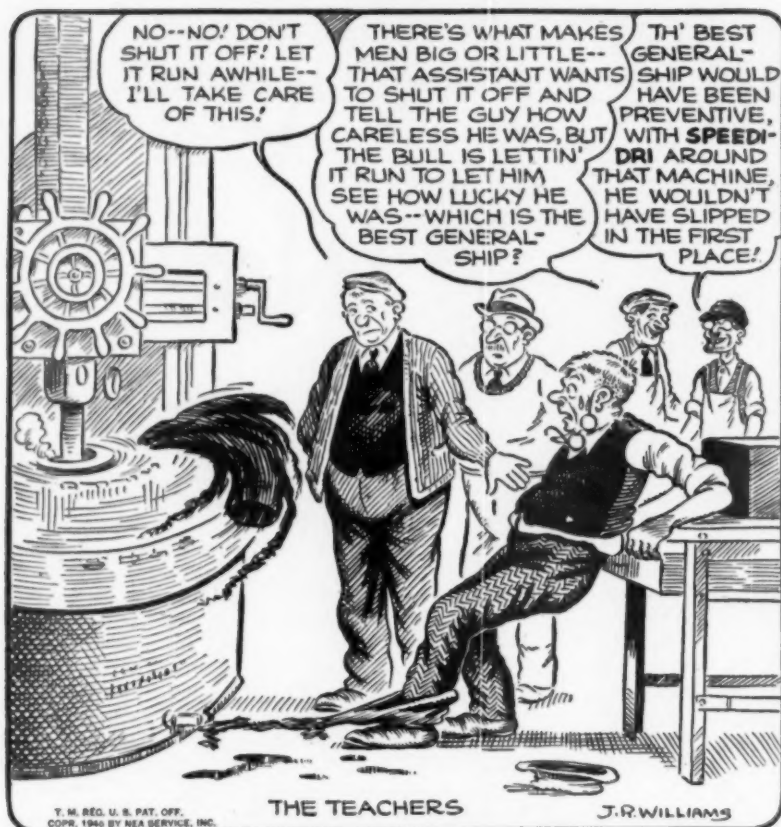
ORIGINAL AMERICAN LICENSEE GEORGE FISCHER (SWISS CHAMOTTE) METHOD

LEBANON
ALLOY AND STEEL

Castings



OUT OUR WAY



If your floors are slippery from oil or grease . . . if you're worried about falls or quick-spreading fire . . . investigate SPEEDI-DRI.

SPEEDI-DRI is quick, easy, inexpensive. It soaks up oil like a blotter takes ink. Thousands of industrial plants in all parts of the country are using it to save labor and money in floor-maintenance.

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launched plans for a newsreel, but was forced to abandon the idea because of shortages of film and the government's introduction of company quotas for its use. Quotas were discontinued several months ago.

TOOLS FOR SCHOOLS

Simplified procedures for the allotment of surplus machine tools to colleges and public schools for use in mechanical engineering and vocational education departments were discussed in Washington last month. Representatives of the machine tool industry and school administrators met with the Surplus Property Administration, Reconstruction Finance Corp., and the U. S. Bureau of Education.

Around 130,000 accredited schools are eligible to receive the surplus government-owned equipment. At present, the Army and Navy are authorized to make direct gifts of surplus tools to approved schools. The schools pay only crating and freight charges. RFC tools, however, can only be disposed of through sale, but at a 40% discount.

To Dec. 1 about \$657,000 worth of surplus lathes, drill presses, and other tools had been allotted to colleges and vocational departments of public schools in Cleveland. Nearly all of the equipment was of standard types. In the Buffalo area, however, many complicated machine tools were taken off surplus lists and turned over to trade and public schools.

ONE-STOP PLANE DEPOT

A forerunner of what may become a commonplace at many metropolitan airports is being set up at Holman Field in St. Paul, Minn. There the Northwestern Aeronautical Corp. has begun organization of a garage, filling station, conversion center, and repair depot for civilian planes.

As soon as equipment can be obtained, N.A.C. will provide, in addition to plane maintenance, conversion and repair, a number of services including aerial photography, charter trips, and others. A stock of replacement parts will be carried, probably including complete engines, although details of this feature of the project are yet to be worked out with engine builders.

Most novel feature of the project will be the plane conversion center. At present, civilian purchasers of certain large types of surplus military planes often are required to send their planes to widely separated points for conversion measures before the plane is ready for commercial use. N.A.C. intends to make the complete conversion a one-stop job.

MOTORS THAT HAVE

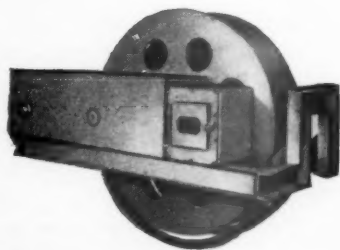
Raised the Eyebrows



OF DESIGNERS

**BUILT TO SPIN RAYON
at 10,000 rpm**

For bucket spinning of heavy denier rayon for military tires, thousands of individual spindle drives are now equipped with this specially engineered $\frac{1}{2}$ -hp, 10,000-rpm motor. It has shown unusual ability to handle heavy rayon cakes and large unbalanced loads with minimum vibration.



BUILT TO DO ITS BEST

at ZERO rpm

This member of a family of stalled-torque motors operates a reel for electric power cable on a shipyard crane, supplying the proper tension to keep the cable-slack constant while the crane is in motion. This motor is rated 20.8 lb-ft stalled torque, 514 rpm, and is of totally enclosed construction. G.E. builds stalled-torque motors in a wide variety of duty cycles, including motors that can be stalled continually.

Motors that would have astonished many design engineers just a few years ago are now in regular production in G-E motor plants. Engineered to meet highly special needs, these motors (three examples shown here) have outdistanced conventional motor designs in shape, size, speed, and output.

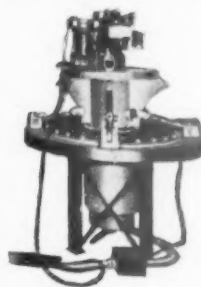
When your requirements call for an unusual motor, we can often meet your needs by modifying special designs already in production, and save you money in so doing. At an even greater saving in time and cost, we may be able to meet special needs with standard motors applied ingeniously to your equipment to obtain the desired results.

Ask your G-E representative for help in smoothing out any special problem involving an electric motor drive, ordinary or exceptional. Apparatus Dept., General Electric Company, Schenectady 5, N. Y.

BUILT OFF BALANCE

to shake things up

Used to operate a vibration-testing machine, this motor delivers 630 lb radial unbalanced revolving pull, 3000 to 12,000 rpm. Its shaft executes a cone-like whirling motion, which is transmitted to a structure on which instruments are mounted for test. Vibration frequency can be adjusted to duplicate patterns encountered in aircraft operation.



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PRODUCTION

Jet Propulsion Spurs Ahead

Outlook for radically designed plane engines improves as fuel consumption is reduced and new alloys lengthen powerplant life. Engineers now turn eyes to commercial applications.

When jet propulsion engines first appeared in aircraft they were dismissed by many conservative engineers as fuel hogs that had to be run so hot that frequent replacement of parts was necessary. The high fuel consumption of the early types barred them from use in the Pacific war where long-range aircraft were essential to operations. The truth was that the United States was behind in the international race to develop jet engines.

Now the whole picture has changed. Technological progress in the last year or so has greatly reduced fuel consumption and lengthened engine life.

• **Notable Improvement**—An example is the first all-American design—the Westinghouse 19-B and the comparable German gas turbines. The 19-B is probably the most powerful engine of this type and size in the world. For a weight, length, and diameter approximately one-half of that of the German types, it develops about 70% of their thrust. This engine (illustration and explanation, right) is an axial-flow design having six stages of compression and a special combustion chamber which provides complete combustion at the high air velocities characteristic of the design.

This feature and the application of new alloys capable of withstanding extremely high temperatures contribute to the efficiency and relatively long life of the powerplant.

• **For Sleek Craft**—These axial-flow engines are long and of relatively small diameter and lend themselves well to installation in sleek high-speed aircraft. The Westinghouse 19-B and General Electric T G-180 are American representatives of this general type which includes such German engines as the Junkers Jumo 004, B. M. W. 003, and Heinkel-Hirth S-2 and HEO II.

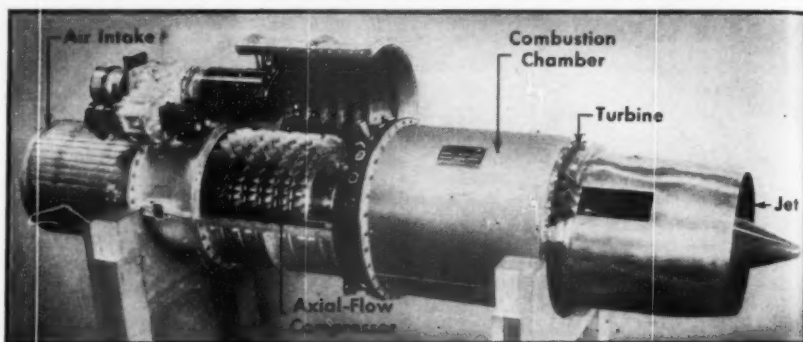
Earlier American jet engines followed first British practice which stemmed from the work of Squadron Leader Frank Whittle. These engines, such as the General Electric I-16 and I-40 (illus.), are of the single-stage centrifugal compressor type in which the air is whirled off of the compressor blades into channels leading into the combustion chambers. This arrangement leads

to shorter but fatter engines, but its proponents contend that greater power per engine weight has been obtained from them than from axial-flow types.

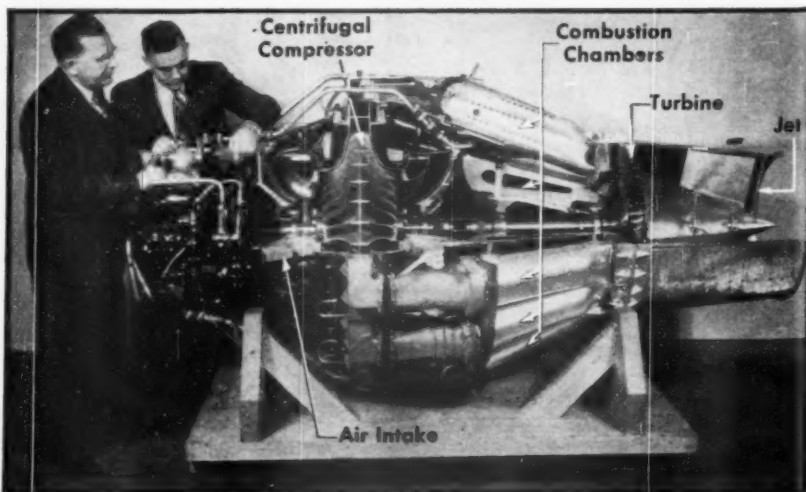
In any case the present world speed

record is held by the British Gloster Meteor fighter which is powered by one of these centrifugal-flow engines—the Rolls-Royce Derwent V. Another recent British engine of this type is the De Havilland Goblin installed in the Vampire Fighter. Of the American engines, the General Electric I-16 was installed in the first jet fighter; the Bell P-59A (Airacomet), and the I-40 is the powerplant of the Lockheed P-80 (Shooting Star).

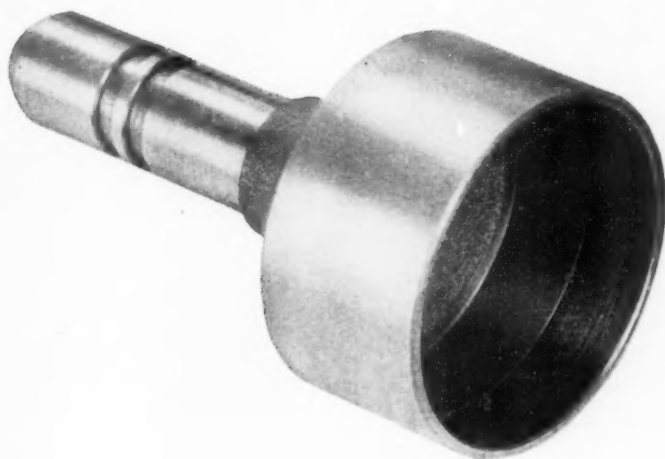
• **Measured in Thrust**—Since jet engines operate most efficiently when the forward speed of the aircraft equals the rearward speed of the jet, their output is measured in thrust rather than horsepower. One pound of thrust equals one horsepower at a speed of 375 m.p.h.



Divergent schools of military and engineering thought find expression in the Westinghouse 19-B (above) and the General Electric I-40 (below) jet engines. The former, which follows Navy ideas, takes air into its forward end (left), compresses it in a multistage, axial-flow compressor, forces it into a combustion chamber where burning fuel further increases the pressure. The blast turns the turbine which drives the compressor and then shoots out rearward in a continuous jet. It is the forward reaction to this jet which propels the plane. The other engine, which reflects Army (and British) thinking, takes air through screens surrounding the engine, compresses it in a single-stage centrifugal compressor—that throws it centrifugally outward from the axis—into a group of parallel combustion chambers where burning fuel raises the pressure before the blast turns the turbine and shoots out as a jet.



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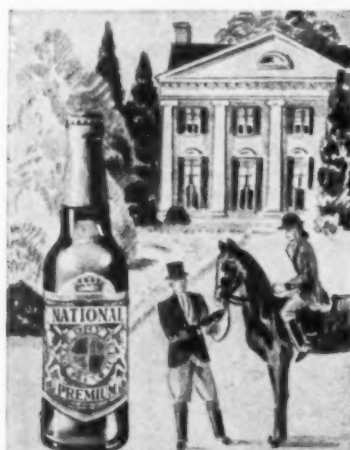
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In the Ryan Fireball—which opens up in the middle for convenient servicing—the conventional reciprocating combustion engine and a pure jet power unit in the tail have been wed to boost altitude and speed. Both burn gasoline.

at higher speeds the horsepower developed is greater than the thrust in pounds. At lower speeds it is less.

This fact explains why jet propulsion was slow in application and why rockets appeared to be wholly impractical only a few years ago. The Germans had jet engine designs in the late twenties, but they put them on ice until they could develop airplanes capable of speeds over 400 m.p.h. Even at that speed the jet type engine is not at its best. But jets produced by rockets begin at 800 m.p.h. and soar upward to a theoretical speed of 11,000 m.p.h.

Even the lower figure, being above the speed of sound, represents serious problems for the aircraft designer who must devise means to carry planes safely through the sonic speed range with its destructive shock waves breaking down the normally smooth air flow over the wings (BW—Nov. 4 '44, p17).

• **For Bursts of Speed**—The basic difference between rockets and jet engines is that the rocket derives the oxygen needed for combustion from its own fuel supply like so much gunpowder while the jet type powerplant takes oxygen from the atmosphere. Even at present speeds of flight, rockets like the jato units developed for the Navy by California Institute of Technology engineers are useful for assisted takeoff of overloaded planes or for momentary bursts of speed in combat. Ultimately rocket power may be harnessed to bridge the gap of low-speed inefficiency characteristic of all jet engines without propellers.

That would mean that the initial

rocket boost would have to project the plane to about 12,000 ft. and above 400 m.p.h. before the jet engine could take over efficiently. Rockets to accomplish this have not yet been developed.

Meanwhile reciprocating engines and propellers seem most feasible for operating at altitudes up to 25,000 ft. and speeds up to 250-400 m.p.h.

• **Versatile Combination**—Overlapping this sphere of operation are the new combination powerplants with both propellers and jets; these are most efficient up to altitudes of 45,000 ft. and at speeds from 200-600 m.p.h. Pure jet propulsion may be reserved for that area of operation between 12,000 and 50,000 ft. and for speeds from 450 to 750 m.p.h.

Since the jet engine with a propeller driven by its turbine is the most versatile of present types, it now appears most attractive for larger military and commercial planes. The propeller is used through the inefficiency range of altitude and speed for jets, and the jet takes over at the higher altitudes and speeds.

• **New Designs**—One recent example of this type is the General Electric TG 100 (BW—Oct. 27 '45, p46). Several new aircraft have been designed around it and the TG 180, another G. E. gas turbine but of the axial rather than of centrifugal type. Westinghouse axial flow designs also lend themselves to propeller-jet combinations. Still another arrangement is the combination of reciprocating engine and example of this type is the Ryan Fireball (FR-1) fighter (illustration, above).



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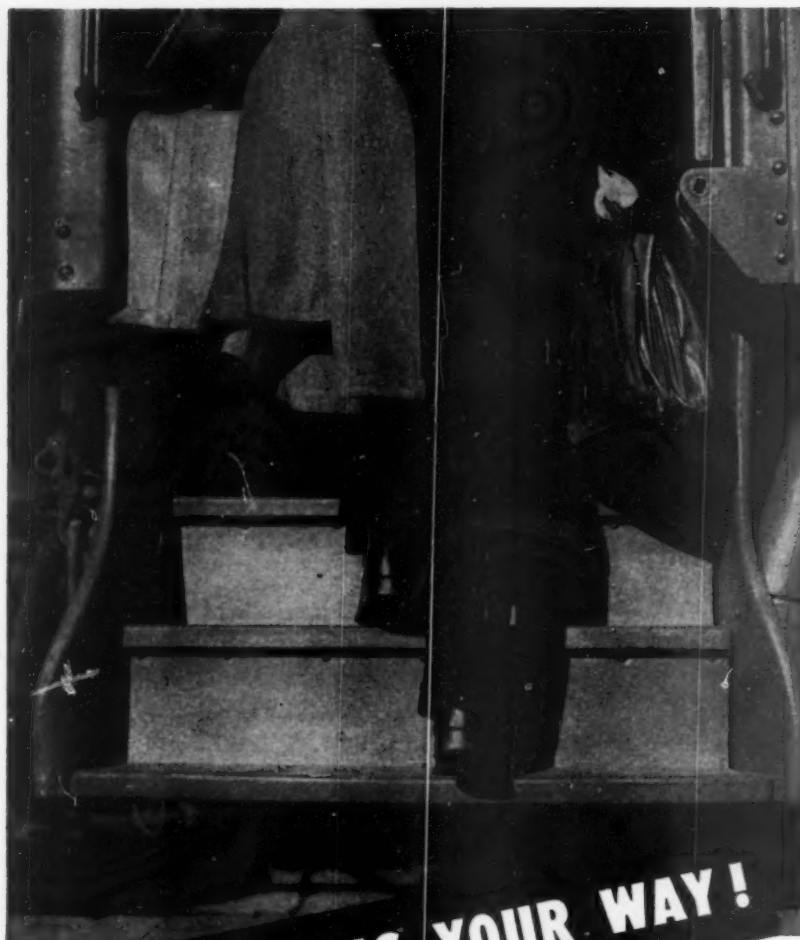
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High Voltage Line

Power transmission tests to be made by American Gas & Electric Service Corp. will be watched by whole industry.

The electric power industry has for some time considered the possibilities of power transmission at ultra-high voltages to deliver larger blocks of power at greater distances from areas where it can be most economically produced.

When the war began, there was talk of such voltage to take electricity cross-country as protection against power shortages which would cripple production.

• **Germans' Plans**—The Germans, too, were exploring the use of higher voltages. They experimented with 400,000-volt equipment and even considered an 800,000-volt, d.c. line from Norway (which has a tremendous amount of water power) to Germany, a distance of about 500 miles. The idea was to bring cheap power by cable under the sea. These plans were brought to an abrupt halt by the invading Allies.

With that much background to which its interest, the power industry will watch with intense interest the construction, and operation of the 500,000-volt experimental line announced last week by American Gas & Electric Service Corp.

• **Medal-Winner**—Particular significance is attached to this experiment because it was initiated by Philip Sporn, executive vice-president and chief engineer of A.G.E.S.C., who is to be recipient of the American Institute of Electrical Engineers' Edison Medal for meritorious achievement in advancing economic and dependable electric power generation and transmission systems.

The proving ground for Sporn's idea about transmission of ultra-high voltage will be two 1½-mile, three-phase power lines adjacent to the Tidd Generating Station of the Ohio Power Co., at Brilliant, Ohio, which will participate in the work along with Appalachian Electric Power Co. and Indiana and Michigan Electric Co.

• **For Thorough Studies**—These lines will be so built and equipped that the thorough studies can be made of some of the important factors that control the economic application of transmission voltages in a range between 264,000 and 500,000 volts.

The highest power transmission voltage used in this country to date is the 287,000 volts of the Boulder Dam line, the practicable range of which is 200 miles. Construction of lines to handle

GRINNELL

PIPING
PROGRESS



Heat Treating Stainless Steel Piping

Question: Why might it be necessary to heat-treat unstabilized chromium-nickel alloy steel pipe after fabrication?

Answer: To eliminate precipitated carbides which decrease the corrosion-resisting quality of the steel.

Heat treating consists of heating the prefabricated pipe at a predetermined rate to a specified temperature, maintaining such temperature for a certain time and then cooling at another predetermined rate.

The picture above illustrates heat treating welds on a 180° bend in a modern muffled-type gas furnace.

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There are many types of alloy steel — each with its own particular properties and characteristics, such as reactions under the heat of welding and bending. Grinnell engineers are familiar with these reactions and have developed closely controlled and metallurgically supervised procedures for fabricating alloy piping to obtain the full advantages of alloy steels for corrosion re-

sistance and for high pressure and high temperature applications.

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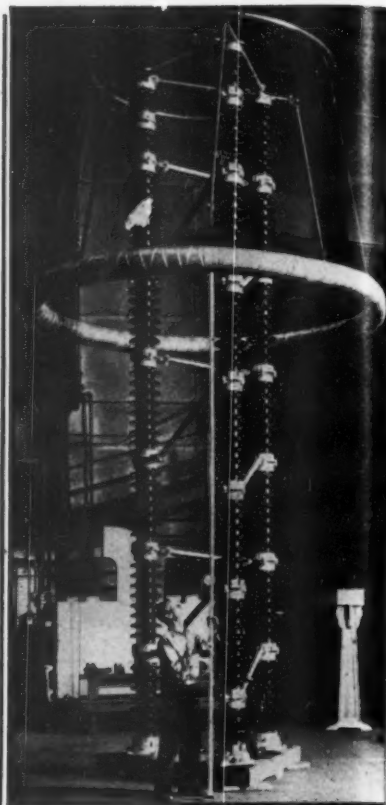
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American Gas & Electric Service Corp.'s experimental half-million volt power transmission lines will be protected against lightning surges by 57 ft. arresters now being built at Westinghouse's East Pittsburgh works. Special grading rings equalize voltage stresses along the chains of insulators.

higher voltages has been made technically feasible by experience with the lower voltage designs, but many practical problems remain to be solved.

● **Corona Discharge**—Probably the outstanding one will be the reduction of corona discharge from the conductors, a bluish electrical phenomenon occurring when the voltage becomes high enough on a conductor to ionize the air around it. This can cause serious power losses.

From a rule-of-thumb approximation a 500,000-volt line might be expected to transmit power economically almost 50 miles. While that distance is not great enough to carry power from, say, the coal areas in West Virginia to a distant city like Chicago, such a voltage might well serve to relay electricity from town to town over great distances, taking power from one place where there is a temporary surplus and passing it to a point where there is a shortage.

● **Cooperators**—Cooperating in the experimental 500,000-volt project are nine

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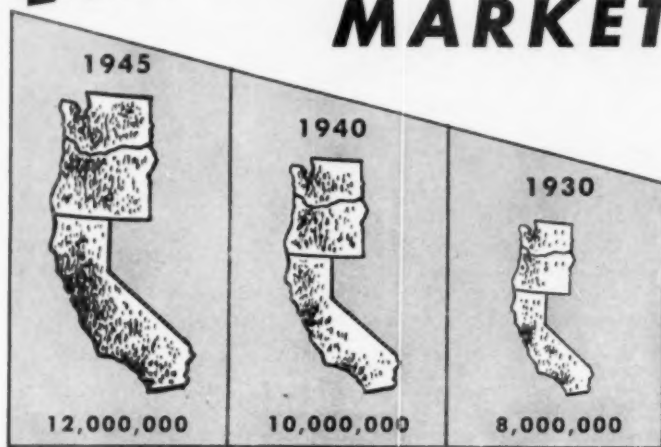
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Westinghouse Electric Corp.

Junior Tractor

Allis-Chalmers is preparing entry for what promises to be keen race to meet power needs of nation's small farms.

The second entry in the on-rushing contest of the super-small tractors (BW—Oct. 20 '45, p. 21) will probably be that of the Allis-Chalmers Mfg. Co. The first starter appeared two months ago when International Harvester Co. showed the pilot model of its Farmall Cub, 60% as heavy and 75% as expensive as the Farmall A, previously its smallest tractor.

A-C clawed itself into the upper rank of farm equipment manufacturers in the mid-1930's by pioneering a tractor small enough to pay its way on any farm of medium size. Other makers followed, and the combined efforts opened a new market that pushed industry sales to new highs before war controls curtailed output.

• **Tapping a New Stratum**—Now A-C, Harvester, and presumably their competitors who are yet to be heard from, are reaching for a share in mechanizing the 3,000,000 to 4,000,000 farms that have less than 40 acres in crop. Such farms could afford only animal power as long as the least expensive tractors were those in the class of the I.H.C. Farmall A and the A-C Model C.

• **Wholly New Design**—A-C is not yet showing its junior-size tractor, but some details are available. The broad goal is a unit that will be a genuinely new contribution in tractor design, neither a cut-down of Model C nor a built-up hodgepodge garden tractor. The retail price bracket aimed for is less than \$400, in terms of prewar dollars.

The new tractor has its engine at the rear, pushes all tools ahead of it instead of dragging them behind. Company engineers are currently stymied in the attempt to operate a disc cultivator ahead of the prime mover, but believe they will eventually solve this problem.

Earliest commercial production now promised is 12 to 18 months ahead. But trade circles are guessing that if any other manufacturer should show signs of marketing a farm tractor in this size and price range, the new A-C unit could be offered for sale in ample time to meet the threat.

Stainless Suit

Loss of valuable foreign patent rights is basis for big damage claim against Rustless. Plaintiff sues his brother.

Patents which Rustless Iron & Steel Corp. has jealously guarded through the years as the foundation of its stainless steel manufacturing process became the basis for new litigation last week when one of the firm's founders filed a \$5,500,000 damage suit against his old company on a claim he was deprived of valuable foreign patent rights.

• **Brother Named in Suit**—Plaintiff Alwyn H. Wild, in the action filed in U.S. District Court in New York City, includes as defendants his brother, Ronald Wild, a co-founder of Rustless; American Rolling Mill Co., with which Rustless is being merged (BW—Sep. 29 '45, p. 58); Alloy Research Corp., subsidiary holding foreign patents of Rustless; and six individuals associated with these concerns.

Thus Rustless, which 15 years ago successfully defended the Wilds' process for making stainless steel against a patent infringement suit brought by American Stainless Steel Co. and Electro Metallurgical Co.—thereby breaking the control these two previously had held over stainless steel in this country—now must defend itself from one of the original holders of that same process. And both Rustless and Armco must keep one eye cocked on the antitrust indictment pending against them and 16 tractor manufacturers, stainless steel firms, all charged with conspiracy to suppress competition and fix prices (BW—Nov. 17 '45, p. 5).

• **Organized Company**—The Wilds at some times, the complaint in the current goal ison recites, organized a predecessor company of Rustless in 1924 to exploit neither patents on making stainless steel built-up through direct reduction of chrome ore, bracketed on related processes. (Capital of that company, coincidentally, was \$5,000,000, the amount Alwyn Wild now seeks to recover.)

Instead in 1930 two of the defendants, company Charles S. Payson and Clarence E. Tuttle in the (subsequently and for many years cultivator resident of Rustless), provided financial aid for the struggling concern. The problem Wilds pulled out of Rustless early in 1931, and for their 1,280,000 shares of stock received rights to the stainless steel patents in all countries except the United States, Canada, and Mexico. With this, it is alleged, went rights to future patented and nonpatented improvements on the processes; also \$28,000 in cash. The Wilds set up



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From now on, all Simonds Saws for cutting wood, metal, and plastics . . . all Simonds Machine Knives for cutting wood, veneer, and paper . . . all Simonds Red Tang Files . . . all Simonds steel and steel specialties . . . every one of these first-quality products will bear the same mark of family-identity you see above. And a like mark will also identify the products of Simonds Abrasive Company of Philadelphia (formerly the Abrasive Company), of Simonds Canada Saw Company, and of Simonds Steel Mills at Lockport, New York.

So now, when you want fine tools for cutting and grinding, this ribbon-etch . . . signature of America's longest experienced firm of sawmakers . . . tells you at a glance: "There's no finer tool made in this line . . . anywhere."



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rhymes with diamonds

... and Simonds Tools cut with diamond-like smoothness and precision. Order from your Industrial Supply Distributor or dealer, or write the nearest Simonds office:

BRANCH OFFICES:

1350 Columbia Road, Boston 27, Mass.; 127 S. Green St., Chicago 7, Ill.; 416 W. Eighth St., Los Angeles 14, Calif.; 228 First St., San Francisco 5, Calif.; 311 S. W. First Ave., Portland 4, Ore.; 31 W. Trent Ave., Spokane 8, Washington.

Canadian Factory: 595 St. Remi St., Montreal 30, Que.

the Rustex Corp. to hold these patent rights.

• **Patent Repository**—To circumvent this arrangement, Alwyn Wild contends, Tuttle and Payson caused Alloy Research Corp. to be organized as a patent repository for improvements on the processes so that Alloy, not Rustless, was credited with any new discoveries or developments; hence Rustless was relieved of the obligation of revealing them to the Wilds. But Rustless allegedly got exclusive rights to such improvements on a nonroyalty basis, and in 1935 received title to the domestic patents.

Meanwhile, Alwyn Wild began licensing foreign steelmakers, agreeing to extend to them the benefit of future improvements. This was halted perforce in the mid-1930's when Alloy took out its own foreign patents on such improvements and offered them to European steel firms. The original patents—practically all that the Wilds consequently possessed—expired in 1937 and 1938. Result of this blowup was that Alwyn Wild was forced into involuntary bankruptcy in 1937 in England.

• **Charges Sale Was Unlawful**—Then came the break between the brothers. Ronald Wild, his brother charges, caused Rustex Corp. to be dissolved and took over from Rustex, in com-

pensation for an alleged claim against that firm, certain remaining foreign patents, as well as Alwyn Wild's interest in the Darlington Rustless Steel & Iron Corp., Ltd. Alwyn Wild charges that Ronald Wild then unlawfully sold these assets to Rustless, Alloy, and Tuttle for \$25,000.

Jahco's Future

Radical gas engine, bearings, compressors among products counted on by Jack to bring employment to former peak.

The products on which Jack & Heintz, Inc., will stake its future were revealed last week in a rosy forecast of the Cleveland company's prospects by its ebullient president, William S. Jack.

• **Peak Employment**—Producer of aircraft accessories in prodigious quantities during the war, the company will turn its facilities to the manufacture of ball and roller-type bearings, electric motors, refrigerator compressors, electronic gaging devices, and the revolutionary Jahco gasoline engine.

In the bright picture painted at a gathering of his present 1,400 "asso-

ciates," Jack predicted re-employment for most of the rest of the 6,600 former workers dismissed with the war-end cancellations, and for additional thousands.

Jack said orders were already booked for 2,500,000 electric motors, for 1,500,000 refrigerator compressors, and for enough ball bearings to justify minimum production of 40,000 a day for several months.

• **Buys Engine Plant**—So confident is he of acceptance of the Jahco engine that a three-story plant was recently purchased, remodeled, and tooled for centralization of this activity. Mass production is not expected until late in 1946.

With only a few of the features of the Skinner engine (BW-Oct. 3 '45, p. 66) embodied in its design, the engine Jahco will offer to the automotive, aircraft and marine industries, carrying 110 Jack & Heintz patents, will be, Jack says, the first completely die-cast engine ever produced.

Jack also told the associates that in 1946 the company will share profits equally with employees. For 1945, Jahco paid bonuses of \$3,500,000, with each associate receiving \$50 for each month employed up to Oct. 1.

KEEPING VITAMINS IN RICE

Ever since it was found that the incidence of beriberi among people who live principally on polished rice was the result of a vitamin B deficiency, food technologists have studied ways to retain the vitamins in the processed grain. The difficulty is that the vitamins—thiamine, riboflavin, and niacin—are contained principally in the outer layers which are removed to please consumers and because they contain oil which becomes rancid in storage.

One method of retaining much of the nutritional value of these outer layers, and still remove them, has been developed by Sgt. Milton Yonan-Male at the Cooks & Bakers School, Fort Meade, Md. The procedure is to steep paddy rice in water at controlled temperature, expose it to steam under pressure in special cooking vessels, then dry it to make it hard again.

The steam-steeping treatment is said to gelatinize the starchy grain and cause it to absorb vitamins from the outer cuticle, so that subsequent removal of the bran layers does not take away all of their nutritional value.

Walton Rice Mill, Stuttgart, Ark., is spending \$350,000 for a new plant in which to produce the new rice and make it available to the American market under the brand name WonderRice as soon as the total output no longer is taken by the armed forces and the civilian populations in liberated areas.



BIG PLANS FOR MIDGET CAR

An annual production goal of 150,000 "vest-pocket" plastic-bodied automobiles comes a stride nearer realization with the acquisition by Bobbi Motor Car Corp., San Diego, of the Chula Vista (Calif.) plant of Aircraft Engineering Service Corp. (above). The purchase nets five acres, eight buildings, and about \$300,000 of machine tools to the makers of the 500-lb. car (right), now being road-tested (BW-Oct. 27 '45, p. 60). Dealers expect salable stocks by June, with prices to range

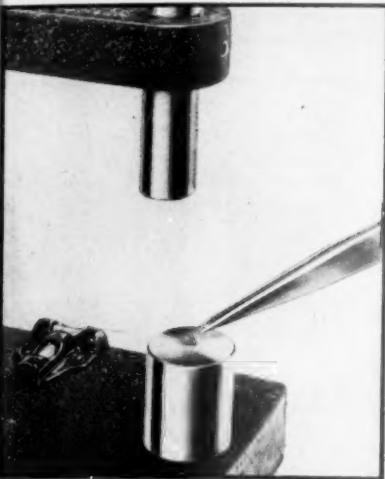
between \$500 and \$600. Because 16 Bobbis can be loaded in a freight car, the rail charge, San Diego to New York, is expected to run \$50 a car.



NEW PRODUCTS

Magnetic Hardness Gage

By comparing the magnetism produced in $\frac{1}{8}$ - to $\frac{1}{2}$ -in. ferrous metal parts with that set up in specimens of known hardness, the new Magnetic Hardness Tester introduced by General Electric Co., West Lynn, Mass., is said to test quickly and accurately parts too small to be production-tested by mechanical



hardness gages. It handles such objects as instrument and watch pivots and shafts, and will spot-check hardness in large sheets or lengths of wire, without damaging the pieces. Differences as small as two points on the Rockwell "C" scale are said to be distinguished by the magnetic instrument.

Somewhat larger than a man's hand, the tester consists of an alnico bar magnet in a soft-iron frame with a leveler and a locking air-gap adjustment for setting field strength. Specimens to be tested are positioned with brass tweezers on a brass block set a little out of line with the magnetic field.

Double-Purpose Conveyor

Each 10-ft. straight section of the Load-Veyor, the portable new gravity conveyor manufactured by the Market Forge Co., 82 Garvey St., Everett, Mass., weighs only 58 lb., yet is said to be capable of carrying a distributed load of 1,000 lb. Equipped with 103 ball-bearing rollers, $\frac{3}{8}$ in. wide and $1\frac{1}{2}$ in. in diameter, in a grid-like pattern and set on adjustable, caster-mounted stands, the unit is bolted to similarly equipped 90-deg. and 45-deg. curves and other straight sections, with or without package retarders or stops.

Since the sections of the conveyor are



YOUR FACTORY at your fingertips— with Sound by RCA

JUST a touch of your finger—the flick of a switch—will bring any part of your plant within sound of your voice, with an RCA Sound System.

Time-saving service or emergency announcements . . . paging facilities, directed to selected areas, for quickly contacting key personnel . . . music from records for increased efficiency, better morale . . . all these services can be yours—at your fingertips—with an RCA Sound System.

It's a matter of record, that in just one of the many plants where RCA Sound Systems are in operation, the paging function alone saved more than 4000 man-hours in one month.

RCA Sound Systems are *engineered* to provide these services with *top* efficiency, *designed* to suit specific needs, built of *matched* components that work together because they're all made by RCA.

How RCA Sound Serves Industry

- Reduces Costs
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RADIO CORPORATION of AMERICA

ENGINEERING PRODUCTS DIVISION, CAMDEN, N. J.



"GOSH!"

You gave me 12 more horsepower!"

Yes, Sir, Mr. Brown. Our new MOTO-MIRROR measures the service we give—you have just seen for yourself the improvement in understandable terms of horsepower—76 when you drove in and now it shows 88.

We bought the dynamometer so we could give superior service—and prove it. We tested your car under all the actual operating conditions there are—just the way you drive it.

On the MOTO-MIRROR your car heated up and began to knock at the same speed it did for you. In a jiffy we knew what was wrong—no guesswork about it—and we fixed it!

Then we tuned your car on MOTO-MIRROR to its top performance, again under load and the way you drive it. In your case this gained 4 extra horsepower over the best we could have given you with the normal settings.

You know, of course, the 12 horsepower increase means you will once more get the top performance originally built into your car and all the pleasure and economy that goes with it.

We think you appreciate this kind of service, Mr. Brown. And that's why we bought the MOTO-MIRROR—so we could give it to you.

Herky Says: "Pretty soon now every good service shop will have a MOTO-MIRROR—then you can take off the blinders and see for yourself what you get when you buy automotive service."



• MOTO-MIRROR is simple to operate, easy to install, and priced within the reach of any service shop—it is the first practical service dynamometer. •

IF IT'S OK ON MOTO-MIRROR IT'S OK ON THE ROAD

CLAYTON

MANUFACTURING CO
ALHAMBRA, CALIFORNIA

MANUFACTURERS
OF
STEAM GENERATORS,
CHASSIS AND ENGINE
DYNAMOMETERS,
REBBER CLEANERS,
HYDRAULIC VALVES

reversible and can be turned over, either side may be used—one for moving large packages which may overhang the side rails, the other for small packages, in which case the side members of a section act as guide rails. The standard model of the material handler is built of steel. Special models will be obtainable in aluminum or stainless steel.

No-Fire Wastebasket

Fire started by a lighted match or cigarette stub carelessly tossed into the new Firewarden Wastebasket is said to be smothered before it can flare up and touch off a serious blaze. Developed by



Stratosol Corp., 18 E. 41st St., New York, the all-metal basket is equipped with double open lids, or collars, which do not interfere with its use but which are designed to accumulate between them enough carbon dioxide from the combustion gases to prevent the air's oxygen from feeding the flame started in the paper.

Variety in color and finish makes the basket suitable for general use in offices, institutions, hotels, ships, and homes.

Line Dehumidifier

Designed originally for removing moisture from gas lines carrying a mixture of generator acetylene and vaporized flux to welding or brazing torches, the new Gasflux 636 Series Dryer of the Gasflux Co., 198 Wayne St., Mansfield, Ohio, is being adapted to dehumidifying compressed air lines. In appearance and actuality the device is a vertical 6-in. seamless steel tube about 3 ft. long with inlet and outlet connections at the top and a drain cock at the bottom.

Inside the shell is a removable, rechargeable metal cartridge with a perforated bottom. Inside the cartridge may be a choice of three drying mediums: (1) Fiberglas which collects entrained moisture, but not all water vapor; (2) calcium chloride which takes up about 90% of its weight in water and is at least 70% efficient; (3) activated alumina which is said to be 100%

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efficient, but takes up only 12% to 14% of its weight in water. Incoming air or gas passes downward between shell and cartridge and up through the full length of the drying medium to the outlet. If moisture conditions are extreme, two dryers may be connected in series—one loaded with Fiberglas to remove the bulk of the water, the other with one of the chemicals—the first prolonging the life of the second between servicings.

Quick-Adjust Mowers

Two new Lawn Mowers with convenient adjustment knobs which provide flexible control for any grass cutting job have been developed by Reo Motors, Inc., Lansing, Mich., traditionally a manufacturer of automobiles and trucks. One adjustment on the mowers connects with an automatic leveling device and sets the exact height of cut, while the other knob regulates, within 0.001 in., the clearance between the revolving blades and the stationary cutting knife. The two models are the 17-in. hand-pushed Michigan Noiseless and the 21-in. power-driven Trimalawn. Reo's diversification plans likely will include other mechanical items outside the company's prewar field.

THINGS TO COME

Plastic-covered steel tubing, which will be seen almost any time now in the upright stanchions, horizontal overhead hand rails, and seat grab rails on post-war buses, may eventually find broader applications in card tables, recreation room chairs, passenger car interiors, and commuter trains. A heavy plastic coating shrunk over the metal base is said to withstand the three principal enemies of bus fittings—perspiration, scuffing, and corrosive atmospheres such as sea air—and to possess new properties of its own, such as insulation against heat, cold, and electrical shock. Colors thus far planned are six pastel shades of blue, brown, gray, green, red, and yellow—and white.

• More and more forming dies for the working of stainless steel into all sorts of stamped parts will be made of tough aluminum bronze through the years to come. It has been found during the war that certain alloys of copper rich in iron and aluminum leave fewer die marks on stainless than more orthodox die metals, reducing buffing costs by one-half or more.



SAYS KING COTTON:

"FAR MORE PEOPLE RESPOND FAVORABLY TO LETTERS WRITTEN ON QUALITY PAPER"



People judge your firm by the quality of the paper you use for letters. Your business will be better liked if you use cotton fiber paper. Letters on cheap paper don't command attention. Cotton fiber stationery, with its brisk, clean, hard, smooth finish pleases people and will assure first attention for your letters.

The superior writing and erasing qualities of cotton fiber paper,

its additional strength, durability, and permanence more than make up for the additional cost of a mere fraction of a cent a letter. It costs no more than that to give the quality feel and appearance to your letters.

For stationery that will get better results because people like it better, remember, *it pays to pick Parsons.*



Prudential Hunts Real Estate

Planning an outright investment of \$250 million, company is looking for business and apartment house sites in 17 states. Middle-class housing will be emphasized because of pressing need.

America's second largest life insurance company, the five-billion-dollar Prudential, is in the midst of a nationwide survey which will determine where and when it will invest some \$250 million to erect and purchase apartment houses and business buildings for company ownership.

Impetus for Prudential's expansion from a comparatively small \$71 million invested in foreclosure and home office real estate (exclusive of \$1 billion in mortgage loans) to a quarter billion came last spring, when the New Jersey legislature empowered every insurance company incorporated in the state to divert 5% of gross assets to real estate. Formerly, Jersey laws had permitted no insurance company investment in income property.

• **Testing**—To lay the groundwork quickly for a large-scale building program, Prudential could spare no time in setting up a new construction planning division. Instead, the company turned to its 26 long-established mortgage loan branches. It is having its men poke around their own areas in 17 states and Canada (Montreal, Toronto, Winnipeg) where laws permit construction ownership by out-of-state insurance companies.

This means that Prudential is working the survey, for example, from branches like Birmingham, Buffalo, Chicago, Cincinnati, Cleveland, Detroit, Memphis, Kansas City, Minneapolis, Boston, Seattle, Los Angeles, San Francisco, Dallas, Richmond, Lakeland, Fla., Indianapolis, Omaha, Winston-Salem, and Springfield, Ill.

• **Exciting News**—Chicago got excited over Prudential's building intentions just before Christmas when the Tribune quoted the insurance firm's local real estate manager as saying that a good portion of the \$250 million total would be spent in Chicago and on popular garden-type apartments of 50 to 500 units to the block.

This week at Prudential headquarters in Newark, N. J., an officer explained that the contemplated construction program was realistically accentuating housing for middle-class families because of the pressing need. (Estimates range as high

as 1,250,000 units required annually for the next ten years.)

• **Offices and Stores**—A major portion of the over-all Prudential building plan, however, is aimed at business construction—office buildings and stores.

Before any general announcements are made, a series of meetings between housing authorities and home office executives will be held to digest the survey findings.

When investment of the \$250 million does become fact, it will be overshadowed in the Prudential portfolio only by the \$467 million which the company has in utility bonds and the \$303 million in railroad bonds.

• **Metropolitan's Record**—No insurance company has yet equaled the \$310 million which the world's largest—Metropolitan Life—has invested in company-owned income real estate.

How much of a return on that investment Metropolitan realizes is a company-held secret, but every one of the 17,600 modern, garden-type units built

and operated by the company in San Francisco, Los Angeles, Washington, and New York has been occupied since the first rentable day. They rent from a minimum of \$32 a month for a two-room unit in New York to \$90 for a three-bedroom suite in the Parkfairfax project in the nation's capital.

• **Crown Prince**—Kingpin of the Metropolitan's real estate investment is the 130-acre Parkchester development, begun in 1938, in New York's Bronx. Before U. S. entrance into the war, 12,272 units were open in 58 buildings, along with a series of five-ramp garages having room for 3,000 automobiles. Facilities include a 2,000-seat motion picture theater, 22 recreational areas, 171 perambulator rooms, a host of retail stores, a public library, branch postoffices, and banks.

The private-entrance, upstairs-bedroom features of garden-type apartments draw good tenants from the \$3,000 (average) income group. There is an added attraction from surroundings with 3,700 trees, 35,000 hedge plants and shrubs, and 300,000 smaller plants.

• **Nice Return**—That Metropolitan apparently has done all right is evidenced by plans for three more projects in the New York area alone, aggregating 12,000 units.

The Prudential adventure into housing and commercial building also has company from the \$3,500,000,000 Equitable Life, which has put a large part of its \$49 million real estate investment into the Clinton Hill project in Brooklyn. Three hundred units are



Aware of the financial success of such real estate ventures as Metropolitan Life's New York City Parkchester housing development, Prudential Life now seeks places and the means to invest some \$250 million in a similar manner.

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5. **ABSOLUTE PRIVACY.** No one can listen in — the most confidential matters can be discussed without fear of eavesdropping.
6. **PERMITS GROUP CONFERENCES.** Yet each man stays at his own desk! Think of the time this saves.
7. **DUAL RECEPTION.** Executive station permits use either of mellow-toned loud speaker or privacy hand-set.
8. **COMPLETE INTERCOMMUNICATION.** Each station can call every other individually, or "in conference" by the mere pressure of a key.
9. **NO TELEPHONE TIE-UP.** Your switchboard is left 100% free for outside calls—customers can reach you more readily.

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THE END OF INFLATION

You can blow up a balloon just so far—and then it busts. As pressure approaches the danger point, the only way to save it is to let some air out.

Inflation is like that. We have some of it now, and we're headed for more.

There must be a limit.

Raise wages too high, without increasing production, and goods are bound to cost more. Raise prices too much and still higher wages will come. One always follows the other.

For there are only two ends to inflation—collapse or bust. Both of them hurt.

All of us need to remember that a dollar contains only one hundred cents—and that there's no sense in trying to redivide a dollar until after it is earned.

And dollars are earned only by producing more, and selling more, at a profit.

Sound policy for any business is made up of high wages for high production, plus good controls, to insure the low prices which mean large sales volume.

Geo. P. Trundle Jr.
President



This organization of over a hundred trained engineers has twenty-seven years of consulting management engineering experience. We invite you to write for more information on any of the above subjects, or to request a personal interview in your office.

THE TRUNDLE ENGINEERING COMPANY

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208 S. LaSalle Street

NEW YORK, Graybar Building
420 Lexington Avenue

completed; 400 more will be ready by March, 1946; and an additional four buildings are under way.

• **Government Guarantee?**—Legislation is now knocking around in Washington which would government-guarantee insurance companies a 2½% return on housing investments. Such a guarantee presumably would provide added encouragement for Prudential, Metropolitan, Equitable, and all their colleagues to become and remain actual landlords in a big way, even though 4% is considered a more suitable real estate return in insurance company language.

Cat and Dog Skit

Low-grade mining stocks on both Pittsburgh and Salt Lake exchanges demonstrate ability to soar without earning power.

The increasing scramble for securities in the low-priced cats-and-dogs category has not been confined to New York's Stock and Curb exchanges (BW—Nov. 24 '45, p. 62), nor to the West Coast markets (BW—Dec. 29 '45, p. 71). The trend, which has caused much uneasiness in Manhattan's financial district, has been quite noticeable in other widely scattered areas.

It would be hard to match anywhere, for example, the recent spectacular gyrations of the \$1-par capital stock of the San Toy Mining Co. on the Pittsburgh Stock Exchange, where the shares of that local company are listed.

• **Operating Under Lease**—San Toy is a relatively small mining company which owns some Mexican silver and lead properties that lately have been producing low-grade ore, principally lead. Shut down for a time in 1931, in recent years the properties have been operated on a small scale by American Smelting & Refining Co. under a lease that will expire in 1950. However, San Toy has reported only losses the last three years and not since 1927 has it paid any dividends on its stock.

Nevertheless, after selling in early 1945 at a price of 5¢ a share, for as little as 2¢ in 1944, and for only a penny a throw at times in the six previous years, the San Toy shares suddenly began showing some life a few weeks back. Finally they zoomed up to a 40¢ level one day on trades involving 107,000 shares, the biggest day's turnover in a single issue ever seen in the Pittsburgh trading arena.

• **Telling the Public**—Amazed as any one by this performance was L. A. McKee, the company's president. He didn't like the move, either, and

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IRONING OUT A MATERIALS PROBLEM

A typical "postwar" item is this Silex Steam Iron illustrated. Like so many new products which are a part of our long-awaited civilian economy, this revolutionary home appliance makes prudent use of Durez phenolic plastics.

Why Plastics?

Notice the eye-appealing, heat-resistant handle. Exhaustive tests proved that plastics were better suited for this purpose than any other material known. Their use resulted not only in a better finished product but also in a product which could be produced very economically.

Why Phenolic Plastics?

Of all plastics, the phenolics are the most versatile. Naturally, this makes

them the logical starting point for the design engineer with a materials problem. The handle of this Silex Steam Iron, for example, called for heat resistance, smart appearance, pleasant and hand-fitting "feel," moisture resistance, and excellent moldability . . . all inherent characteristics of phenolic plastics.

Why Durez Phenolic Plastics?

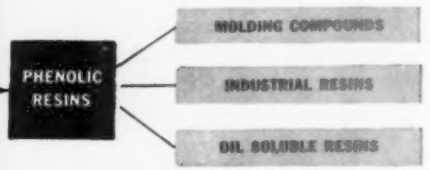
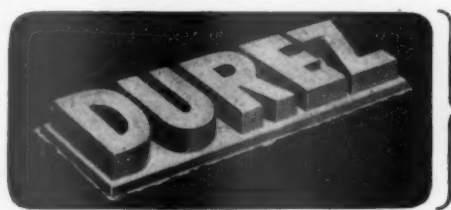
The more than 300 multi-proprietary Durez phenolic molding compounds available today are the direct result of a quarter century's continuing research and product development on the part of Durez laboratory technicians. This rich background and the high quality of the materials themselves are convincing reasons why

manufacturers in every field of industry look to Durez for the plastics that fit their jobs.

Experienced Assistance Available

Do you have a plastic materials problem? If so, see your custom molder. Wartime developments have endowed him with many new molding methods and processes so that his services are even more valuable than before. Should further assistance be necessary, the competent advice of experienced Durez service engineers and a wealth of proved product development data await your request.

Durez Plastics & Chemicals, Inc., 2513 Walck Road, North Tonawanda, N. Y.
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PLASTICS THAT FIT THE JOB



THE END OF INFLATION

You can blow up a balloon just so far—and then it busts. As pressure approaches the danger point, the only way to save it is to let some air out.

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420 Lexington Avenue

completed; 400 more will be ready by March, 1946; and an additional four buildings are under way.

• **Government Guarantee?**—Legislation is now knocking around in Washington which would government-guarantee insurance companies a 2½% return on housing investments. Such a guarantee presumably would provide added encouragement for Prudential, Metropolitan, Equitable, and all their colleagues to become and remain actual landlords in a big way, even though 4% is considered a more suitable real estate return in insurance company language.

Cat and Dog Skit

Low-grade mining stocks on both Pittsburgh and Salt Lake exchanges demonstrate ability to soar without earning power.

The increasing scramble for securities in the low-priced cats-and-dogs category has not been confined to New York's Stock and Curb exchanges (BW—Nov. 24 '45, p62), nor to the West Coast markets (BW—Dec. 29 '45, p71). The trend, which has caused much uneasiness in Manhattan's financial district, has been quite noticeable in other widely scattered areas.

It would be hard to match anywhere, for example, the recent spectacular gyrations of the \$1-par capital stock of the San Toy Mining Co. on the Pittsburgh Stock Exchange, where the shares of that local company are listed.

• **Operating Under Lease**—San Toy is a relatively small mining company which owns some Mexican silver and lead properties that lately have been producing low-grade ore, principally lead. Shut down for a time in 1931, in recent years the properties have been operated on a small scale by American Smelting & Refining Co. under a lease that will expire in 1950. However, San Toy has reported only losses the last three years and not since 1927 has it paid any dividends on its stock.

Nevertheless, after selling in early 1945 at a price of 5¢ a share, for as little as 2¢ in 1944, and for only a penny a throw at times in the six previous years, the San Toy shares suddenly began showing some life a few weeks back. Finally they zoomed up to a 40¢ level one day on trades involving 107,000 shares, the biggest day's turnover in a single issue ever seen in the Pittsburgh trading arena.

• **Telling the Public**—Amazed as any one by this performance was L. A. McKee, the company's president. He didn't like the move, either, and

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IRONING OUT A MATERIALS PROBLEM

A typical "postwar" item is this Silex Steam Iron illustrated. Like so many new products which are a part of our long-awaited civilian economy, this revolutionary home appliance makes prudent use of Durez phenolic plastics.

Why Plastics?

Notice the eye-appealing, heat-resistant handle. Exhaustive tests proved that plastics were better suited for this purpose than any other material known. Their use resulted not only in a better finished product but also in a product which could be produced very economically.

Why Phenolic Plastics?

Of all plastics, the phenolics are the most versatile. Naturally, this makes

them the logical starting point for the design engineer with a materials problem. The handle of this Silex Steam Iron, for example, called for heat resistance, smart appearance, pleasant and hand-fitting "feel," moisture resistance, and excellent moldability... all inherent characteristics of phenolic plastics.

Why Durez Phenolic Plastics?

The more than 300 multi-proprietary Durez phenolic molding compounds available today are the direct result of a quarter century's continuing research and product development on the part of Durez laboratory technicians. This rich background and the high quality of the materials themselves are convincing reasons why

manufacturers in every field of industry look to Durez for the plastics that fit their jobs.

Experienced Assistance Available

Do you have a plastic materials problem? If so, see your custom molder. Wartime developments have endowed him with many new molding methods and processes so that his services are even more valuable than before. Should further assistance be necessary, the competent advice of experienced Durez service engineers and a wealth of proved product development data await your request.

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RESINS

MOLDING COMPOUNDS

INDUSTRIAL RESINS

OIL SOLUBLE RESINS

PLASTICS THAT FIT THE JOB

promptly took steps to let the public know it. He announced that there was nothing in the situation to warrant such an advance in price and had the satisfaction of seeing the stock drop the next day to 15¢.

McKee's remarks, however, only had a temporary effect. One day last month buying of the shares of his company started in again. This time they leaped to a new all-time high of 70¢ and they are still selling for around 65¢, even though he quickly indicated once more that such bullishness was entirely unwarranted.

• **In Salt Lake City, Too**—The Salt Lake City Stock Exchange, which recently celebrated its first million-share day, similarly reports that the sudden avid desire for "cheap" mining stocks that started some weeks ago is still at the flood stage.

On that exchange the stocks listed, with but minor exceptions, are shares issued by Utah gold, silver, zinc, and lead mines. Most of these have been selling within the 5¢-15¢ price range since few of the 100 or so mining companies represented are doing much, or expect to do much for a time, in the way of operations because of labor shortages and other factors.

• **Booming Anyway**—Prices of many such issues have been booming nonetheless. About half the recent buying orders, according to exchange officials, have been coming from the East. The rest, they report, are being provided in about equal amounts by other sections outside the Rocky Mountains area and by the locals who are seeking big "percentage-profit" potentialities.



Proponents of BAWI—state-sponsored plan to develop industries in small Mississippi towns—point with pride to Ingalls Shipbuilding Corp.'s Pascagoula plant (above), one of the biggest to come to the state under the program.

Wanted: Industry

Mississippi plan enables small towns to build plants, sell or lease them to firms guaranteeing employment.

When the community of Corinth, Miss., and Reynolds Metals Co. recently signed a contract for Reynolds to operate a refrigeration machinery plant there, the amount of money appropriated since July, 1944, by Mississippi towns for factory construction under the revived Balance Agriculture With Industry Act rose to \$1,183,000.

• **How the Plan Works**—BAWI is, in effect, an industry subsidy. Under it, Mississippi communities are empowered—with the approval of the State Agricultural & Industrial Board—to issue bonds for erecting plant buildings, which are offered to established industries for operation.

The proposition that the BAWI community offers its industry-prospect goes something like this: "We have both raw materials and labor here to manufacture your product. We'd like to have you locate a factory here. There is no risk or investment involved for you. If you will come here, we will build a factory for you by floating a bond issue. Then retire the bonds—out of your Mississippi earnings—and when the issue is retired, the factory becomes your property."

• **Three Variations**—BAWI actually is not new. Conceived by former Gov.



Champion of BAWI is Mississippi's Gov. Thomas L. Bailey, under whose administration the industry-subsidy program, killed in 1940, was revived.

Hugh L. White, it became state law in 1938. In 1940, it was killed by Paul Johnson, then governor, but was revived in 1944 by his successor, the present governor, Thomas L. Bailey.

There are three variations of the BAWI master-plan:

(1) The industry operating a BAWI factory retires bonds issued by the community, usually over a 20-year period, and then becomes owner of the plant.

(2) The industry leases plant space from the community under an agreement to maintain an annual payroll equal at least to the amount of the bond issue, for a period of at least ten years.

(3) A composite of the first two, the factory operator pays the community rent for the use of its plant but has an option of buying at any time after five years. Any rent paid is deducted from the purchase price.

• **Council of War**—BAWI had its beginnings in 1936 at Columbia, Miss., when the J. J. White Lumber Co. was threatened with failure because of depleted lumber supplies in its vicinity. The whole town, in fact, was slipping in a business way. Energetic Hugh L. White, owner of the lumber mill, called in his fellow citizens for a council of war. Their problem: how to restore prosperity to a decaying small town.

Their answer was to raise community funds through subscription and invite industry to operate already-built factories. Their first prize was the Dorgan Packing Corp., which employed 350 Columbia residents. Other factories

dustry. But Gov. Bailey counters this argument by pointing to a careful screening procedure undertaken before a community is allowed to put its collective name on a contract.

Before permission is given for a bond issue, the community's ability to furnish labor and raw materials from its immediate vicinity, as well as the solvency and desirability of the plant operator, are considered by the state Agricultural & Industrial Board. It also sifts evidence to determine whether the industry will have sufficient market for its goods.

• **Help Is Provided**—When a community asks permission to undertake a BAWI campaign, it is furnished a complete kit of tools, called the "BAWI Action Kit." This contains tax statistics, legal information, notes on how to conduct an economic survey for determining what the community offers a manufacturer, hints on raising bond money.

The state's box score in industry procurement since re-enactment of the BAWI law in 1944 shows over a million dollars now being spent on construction of some 17 plants. These will employ about 3,000 Mississippians.

Some of the latest factories to go into construction following contract-signing are the Reynolds plant at Corinth, the Pearl River garment factory at Poplarville, the Monticello Co.'s shirt plant at Monticello, a furniture factory at Mendenhall, and an automotive fiber plant at Louisville.

TRANSAMERICA FIGHTS ON

A. P. Giannini's Transamerica Corp. is following a policy of never-say-die in its long battle with the Federal Reserve System over branch banking.

Some years ago, the People's Bank of Lakewood Village, Calif., was admitted as a member of the Federal Reserve System under the condition, imposed by the system, that it would withdraw if Transamerica or any affiliated company should acquire as much as 10% interest in the bank. Transamerica did acquire an interest in the bank, and the membership was canceled.

Attorneys for the bank and Transamerica brought suit in the U.S. District Court at San Francisco, but the court refused to hear the case on the ground that, if a cause of action did exist, jurisdiction would fall in the District of Columbia (BW—Dec. 2'44, p. 74). Last week the suit was filed in the district court at Washington, D. C.

The suit charges the board with acting in violation of the Constitution. It asserts that the contested condition has never been imposed on any other bank, and that the bank has no legal power to control investments in its stock.



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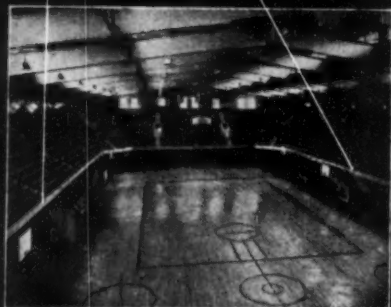
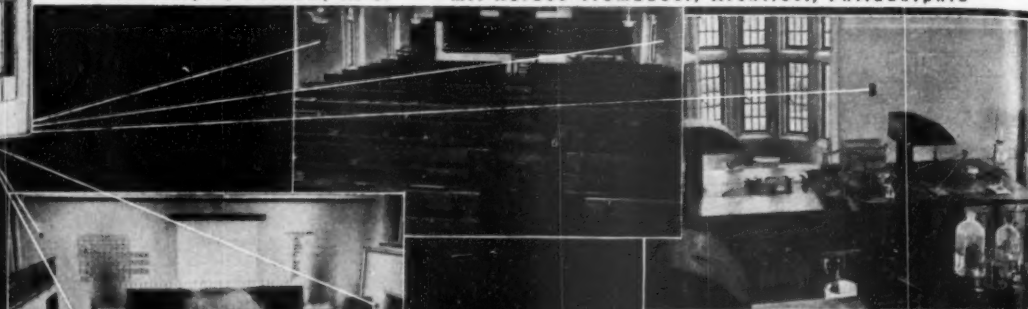
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Johnson engineers have spent years solving temper-

ature control problems in many climates. It is natural that Johnson was selected to cooperate in building the finest control systems that engineering science could devise. Temperatures in Duke University buildings are controlled by Johnson. In passing from the large chapel into the classrooms, greenhouses, gymnasium, library and into a host of other buildings, it is understandable that temperatures of many varied degrees are required . . . using some 2,000 thermostats.

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Stock Forfeiture

Exchange members may launch test in court to buttress rights of delinquent owners of assessable mining shares.

The obligations of investors who hold assessable shares in mining properties always have seemed fairly clear; when an assessment is levied, they pay or risk loss of their holdings.

• **Lack of a Dime**—This was the principle on which the Central Eureka Mining Co., in conformity with the California civil code, proceeded in November when it forfeited 10,500 shares of capital stock for failure of the owners to pay a 10¢ assessment.

How much redress, if any, rests with the foreclosed shareholders may be determined by litigation if tentative plans of some members of the San Francisco Stock Exchange are carried out.

• **Levied in September**—Central Eureka, which has operated gold mines in and around Sutter Creek on the Mother Lode in California since 1894, levied the assessment last Sept. 20 on the 600,000 shares of capital stock then outstanding.

When the 44 holders of 10,500 shares failed to pay the assessment by the Oct. 22 deadline, the company offered the delinquent stock for sale. There were no takers—although 400 shares of the stock were sold that day at \$2, and 1,300 at \$2.05, on the San Francisco Stock Exchange.

The stock was declared forfeited to the company and the owners ordered to surrender their certificates.

• **Complaints Received**—Subsequently Ronald E. Kaehler, president of the stock exchange, reported that members had received complaints from delinquent owners that notice of assessment was not delivered.

It is unlikely that the exchange itself will take any action. But the complaining members may decide next week whether to institute legal proceedings to set aside the forfeiture.

• **Sympathy Expressed**—Central Eureka's officers and directors have voiced sympathy for the delinquents and willingness to cooperate. Under the law, however, they are powerless to void the forfeiture action, for it enhanced the value of the remaining stock and a reversal of the forfeiture would jeopardize the interests of the stockholders who paid the assessment.

Central Eureka has had a creditable record. Its net before taxes ranged up to \$680,000 in 1939, equivalent to \$1.14 a share, and in 1941, the last full



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year before the wartime shutdown of gold mines, it earned \$241,000.

• **Dividends Paid**—The company has paid upwards of 100 dividends and levied 68 other assessments. The 69th assessment was intended to replenish the treasury for a resumption of operations; treasury funds were all but exhausted by cost of maintenance during three years of enforced idleness.

Proved reserves in the Eureka mine are valued at \$1,500,000, and diamond drilling indicates an additional \$1,500,000.

New Issues Record

With tax law changed and obvious bond refunding out of way, Street expects financing to take a new turn in 1946.

Corporate capital flotations in 1945 are estimated to have skyrocketed beyond the six-billion-dollar level and to have provided the nation's security underwriting houses with their busiest twelve-month period on record. This was accomplished despite two complete, and rather lengthy, cessations of private financing operations in order to give the U. S. Treasury a clear field for its gigantic war bond drives.

• **Refunding Programs**—Headlighting the year's activity in this field was the unprecedented rate at which utilities and railroads proceeded with bond refunding programs. Such activity provided close to two-thirds of all 1945 business in the new corporate issues market, and few in those groups missed any opportunity to replace outstanding high-cost bonds with new issues bearing interest in line with today's record-breaking easy money conditions.

Current "cheap money," however, wasn't the only factor responsible for last year's bond refunding operations.

• **Tax Law Provision**—Equally potent were the advantages presented under the 1945 tax law, which permitted companies to charge against earnings, before arriving at the net profits subject to excess-profits rates, all the premiums that had to be paid to redeem their old bonds.

With virtually all the most obvious bond refunding operations now out of the way and the excess-profits tax eliminated from this year's federal tax structure, Wall Street underwriting circles expect from here on to see much less activity of the 1945 type. They look for future operations to concentrate more on the replacing of outstanding preferred stock issues with shares bearing lower dividend rates and on both bond



NEW MORRIS PLANNER

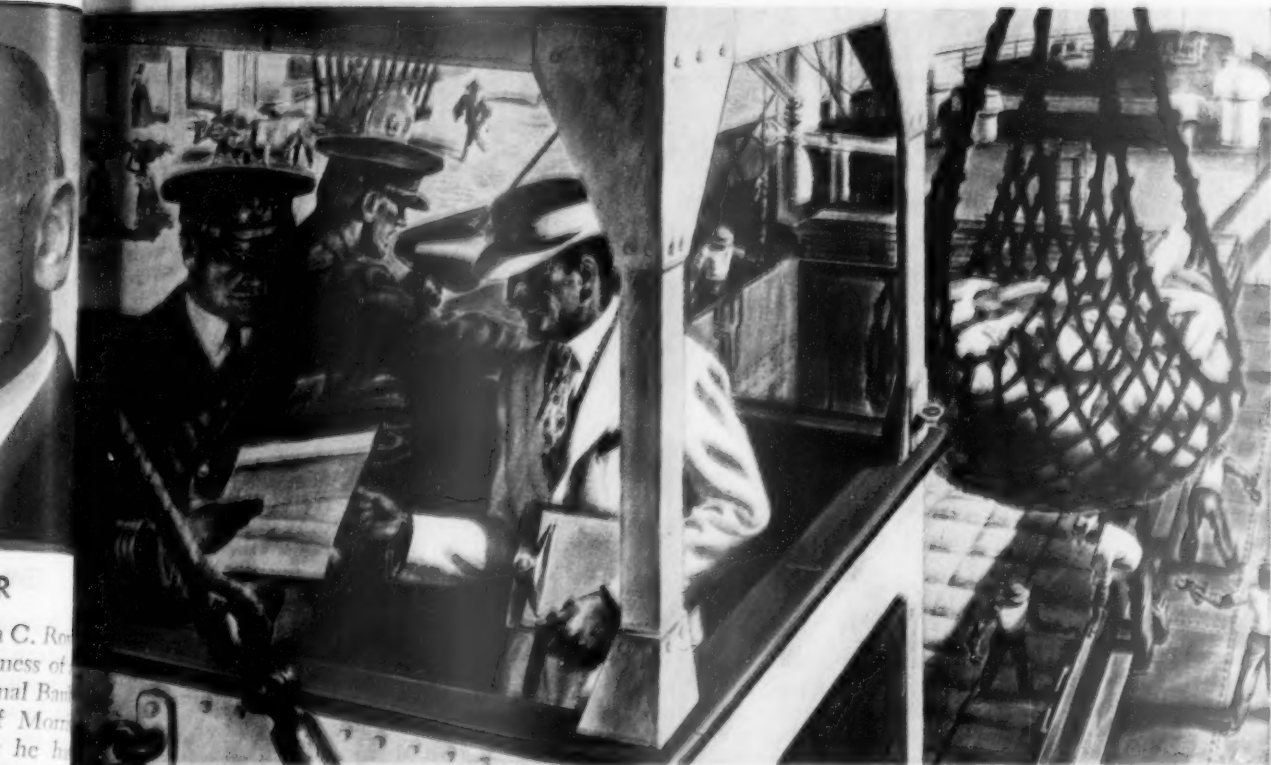
This week, 59-year-old Joseph C. Rovensky slipped out of the harness of senior officer of Chase National Bank to become vice-chairman of Morris Plan Corp. of America. As he has been connected with Chase's foreign department since 1922, the move to Morris, which recently announced plans to expand its financing program (BW—Oct. 6 '45, p. 66), is a considerable departure—perhaps to more venturesome fields. He'll keep his tie with Chase as an adviser. The new year also marks Rovensky's advancement from vice-president to chairman of Patino Mines & Enterprises, producers of Bolivia tin.

and stock issues designed to supply "new money" needs.

• **Coming Up**—Already in the works, in fact, are a number of financing operations of this general type.

Liquid Carbonic Co., for example, is considering selling some \$7 million of new 3½% preferred to replace 4½% stock now out and to finance some expansion plans. Tennessee Gas & Transmission Co., for another, contemplates sale of new common stock with which to purchase additional compressor stations.

• **Philip Morris**—For refunding and new money needs, also, Philip Morris & Co. plans early sale of \$30 million of new debentures and preferred stock. Atlantic Refining Co. is likewise expected to refund debenture 3s and obtain new working capital in early 1946 through the sale of \$25 million of new bonds and \$10 million of new preferred stock.



Taking advantage of

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in South America, up-to-date information is available for the development of new markets and the location of sources of supply.

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MARKETING

Utilities Change Sales Policy

Recent trend is toward dependence on independent dealer to market the appliances which will boost electrical loads. Plans also call for drive to sell more lights to stores and plants.

The lights are going on all over again, but the utility companies want to make sure that postwar nonindustrial sales offset, or even outstrip, any possible drop in industrial loads. So far, they are doing all right, for despite a drop in the industrial load of 4% or 5%, as a result of war production cutbacks, total sales of current are 2% higher in 1945 than they were in 1944. But the utilities want to buy their insurance against a decline early—particularly since they plan a \$900 million expansion of facilities in 1946, one-third of it for new production equipment—and hence they are shaping up several major sales programs to offset the conservation habits which householders have acquired during the war.

• **Looking to the Dealer**—Most notable trend is the increasing reliance that the utilities are prepared to place on that perspiring workhorse, the independent dealer, to merchandise the appliances that boost electrical loads. This means a coming de-emphasis on the utilities' own appliance setups, and it's an arrangement that should make everybody happy.

Dealers—many of whom have been screaming for years that the utilities were cut-pricing appliances—will welcome the decline in competition and presumably will try harder to sell irons as against, say, tricycles.

• **Easing a Headache**—The utilities, for their part, will be glad to ease one of their oldest headaches. By getting out of the appliance business, either in whole or in part, the utilities will alleviate the bothersome necessity of hiring and training salesmen, maintaining special credit setups, and incidentally running the risk of adverse legislation.

In at least two states, Kansas and Oklahoma, feeling against utilities' selling of radios, irons, etc., ran to such extremes as to result in the outlawing of electrical appliance sales by power companies.

• **Stronger Backing**—With their own direct efforts thus dampened, the utilities are planning stronger backing for independent wholesalers and retailers. Institutional advertising of the "electri-

cal living" type will be the most obvious example.

More subtle, but equally valuable, is a campaign to step up the caliber of appliance salesmen. The latter are something of a rarity now, what with the inroads of the armed forces and the competition of better-paying jobs. Further, it's feared that grade-A salesmen will be hard to get for a number of years to come, and that this trend will adversely affect appliance sales once the first flush of postwar buying has been dimmed.

• **Training Course**—Hence the Edison Electric Institute has prepared a comprehensive training course replete with sound slide films, manuals, and instruction books covering all phases of selling electrical goods and services. The Electrical Wholesalers Assn. is now sponsor-

ing the course for its membership, while the utilities plan to use it for distribution among their dealers as well as their own personnel.

Along with this instruction program is an incipient tendency on the part of power companies to ask dealers and their salesmen for suggestions on what types of help they need, and what types of load-building policies would be most advantageous to everybody. The Edison Power Co. is a conspicuous example of this path.

• **A New Leaf**—And even where the utilities will remain in the appliance sales field, they apparently will go other dealers this sop: They will refrain from cutting prices or tossing in too many free services (which amounts to this effect are available, of course, to most manufacturers and retailers). They are convinced that for the present, at least, the utilities have decided to turn over a new leaf in their relationships with appliance dealers.

Another major merchandising policy for the future will be a campaign to sell more lights to stores and plants. In the retail field, especially, a small bonanza seems in prospect. It has been demonstrated, to the satisfaction of the utilities at least, that lighting and retail sales have a certain correlation. And with retailers as prosperous as they are, more



"Lights on" say the advertising signs which New York's Consolidated Edison Co. has posted on the sides of American Railway Express Co. trucks—and Gotham follows the advice of the company, which, like all utilities, is intent now on breaking wartime conservation habits and rebuilding load. Appliance sales offer the most promising prospect for achieving this object.

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lights—which mean, eventually, bigger power sales—look sure-fire.

• **An Old Problem**—A principal problem of load-building confronting the electric utilities is one of ancient standing. It is posed by the combination company which supplies both electric and gas service. Such companies are not usually aggressive promoters of electric as against gas appliances. But the picture changes when the two services are separated. Such separation occurred in Chicago in the thirties, and the Commonwealth Edison Co. at once began to develop a big electric range load.

In Pittsburgh, the Duquesne Light Co. became a wholly electric utility not so long ago and is now a most active promoter of electric cooking and water heating. A Pittsburgh dealer selling an electric range adds a fixed charge of \$15 for wiring, the utility paying the cost above that amount. This is in contrast to conditions in some localities where the buyer of a range may have to pay \$75 or more to have it connected.



THIS AGE OF SCIENCE

Drop in a coin, push a button, and out comes a hot sandwich—hamburger, hot dog, or cheese—from an electronic canteen developed by General Electric Co. and Automatic Canteen Co. Sanitarily packaged, the pre-cooked sandwiches—on individual trays—pop into an oscillator coil where high-frequency radio waves heat them while the customer watches. G. E. reports it will build several thousand of the units, warns, however, that electronic cook stoves are not just around the corner.

Beauty Unmasked

Cosmetic industry alerted by Arden case, which imperils two trade practices: use of demonstrators and push money.

Cosmetic manufacturers don't like to admit it, but they are shaking in their patent leather boots as a result of the Supreme Court's refusal to review the case of Elizabeth Arden Sales Corp. vs. Gus Blass Co. (BW—Dec. 15 '45, p. 8).

Previously, a lower court had awarded Gus Blass, a Little Rock (Ark.) department store, \$3,030 as compensation for injuries resulting from Arden's system of granting some outlets larger allowances toward the payment of demonstrators' salaries than it gives to others.

• **Triple Damages**—The \$3,030 represented the triple damages available under the antitrust laws to anyone who can prove he has been injured by forbidden practices. Gus Blass' case was based primarily on the Robinson-Patman antiprice discrimination amendment to the Clayton antitrust law.

The \$3,030 is peanuts to Arden, which no doubt spent many times that amount fighting the Gus Blass case. But the Supreme Court's decision points toward the eventual abolition of practices which constitute the very life blood of cosmetic merchandising.

• **Sales Devices**—Because cosmetics are pre-eminently something which the consumer has to be sold, and sold in highly specific and personal terms, the cosmetic industry has developed a system of merchandising which hinges primarily on the use of two devices: (1) store demonstrators; (2) "P.M.'s," trade abbreviation for push money.

Demonstrators are the personable young ladies behind retail counters who assure fading customers that a jar of this manufacturer's rosepetal face cream or that manufacturer's tissue rejuvenator will lift sagging muscles, etc. Formerly, most cosmetic makers kept the demonstrators on their own payrolls. The current practice (largely because of the complications of social security deductions and the like) is more often to make selected retail outlets an allowance toward the payment, or part payment, of a demonstrator's salary.

• **In the Bigger Stores**—Demonstrators are most often found behind the counters of the big department and specialty stores—big volume, prestige outlets where a demonstrator can be expected to do the most effective job of building demand.

Push money is the money a manufacturer gives a store's retail clerks for



Announcing new

Ostermotors

Synchronous and Induction Capacitor Type Motors and Gearmotors

If your product calls for a small motor or gearmotor of precision quality, where constant unvarying performance is a "must," investigate these new, dependable Ostermotors.

Latest additions to a comprehensive line of fractional h.p. Ostermotors, these units are the result of 15 years' research and experience. They are conservatively rated, light, compact, and of instrument quality. They add much to performance and prestige of your product.

If you need small motors in frame diameters from 1" to 3 1/4" rated from 1/2000 h.p. to 1/2 h.p., investigate Ostermotors. Prompt delivery on samples — surprisingly good delivery on production lots. Write today.

John Oster Mfg. Co.

Department B-30A

Racine, Wisconsin

THE AMERICAN APPRAISAL COMPANY

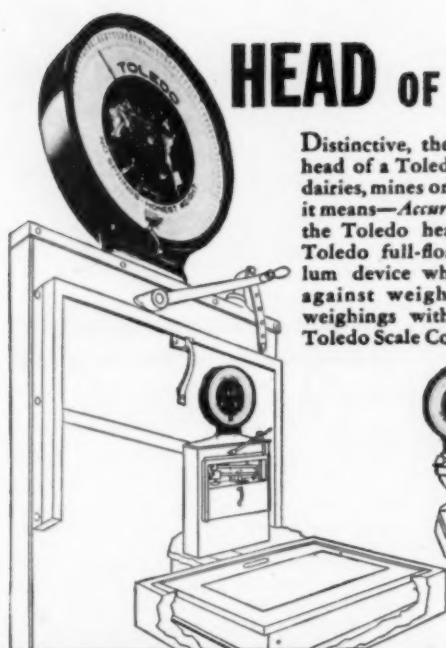


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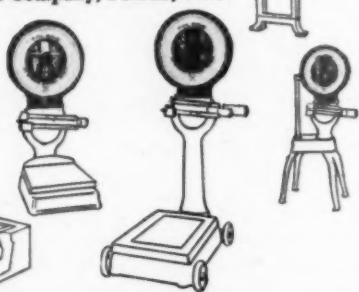
Edison
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5, 1946



HEAD OF A FAMOUS FAMILY

Distinctive, the World over, is the head of a Toledo Scale. In factories, dairies, mines or mills—wherever seen it means—*Accurate Weight*. For inside the Toledo head is that ingenious Toledo full-floating, double-pendulum device which balances weight against weight to give accurate weighings with split-second speed. Toledo Scale Company, Toledo, Ohio.



TOLEDO

HEADQUARTERS FOR SCALES



Mufflers to Make Vacuum Cleaners Noiseless

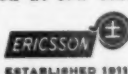
VACUUM CLEANERS that used to drown out the doorbell, telephone or baby's crying may soon be outmoded. A patent that makes vacuum cleaners almost as silent as a vacuum has been issued.

It will take precision parts to make this and dozens of new postwar products possible. But it will take precision on a low-cost, mass production basis to make big volume, big profit markets

possible for such products.

Such precision is our business here at Ericsson—has been for more than 30 years. We are glad to consult with manufacturers whose new designs are more effectively marketed with close-tolerance parts produced at low cost.

(Below) Some of the many thousands of our precision parts that helped "Keep 'em flying and fighting."



ERICSSON

SCREW MACHINE PRODUCTS CO., INC.

25 LAFAYETTE STREET, BROOKLYN 1, N. Y.

an extra sales effort on his line. Sometimes P.M.'s are paid direct to the clerks. More often, they are paid to the store which may or may not turn the full amount over to its salesmen.

• **Widespread Practice**—Use of demonstrators and P.M.'s is not, of course, peculiar to the cosmetic industry, but this industry has depended on the system to an unparalleled extent. Virtually every company in the industry (and there are some 2,000 altogether) uses demonstrators or P.M.'s, or both, to push sales.

Obviously, no manufacturer with any pretensions to wide distribution can afford to make P.M.'s and demonstrator allowances available to all his retail dealers, which may include thousands of drug stores, variety chain outlets and the like. So a comparative handful of big, plushy stores gets the gravy, and of these, some fare considerably better than others.

• **What May Happen**—For most cosmetic makers, the decision in the Gus Blass case opens the door to two equally terrifying eventualities: (1) Now that a legal precedent has been established, small retailers are likely to get together with lawyers operating on contingent fees and try to pick up some easy money by emulating Gus Blass; (2) the Federal Trade Commission is now virtually certain to receive Supreme Court sanction for its ten-year-old crusade to do away with demonstrators and P.M.'s (BW—Nov. 14 '36, p. 20).

An FTC cease-and-desist order against Arden is now hanging fire in the Second Circuit Court of Appeals (BW—Dec. 2 '44, p. 96). It is likely to reach the Supreme Court by next fall. Similar FTC actions against six other cosmetic houses—Bourjois, Elmo, Richard Hudnut, Coty, Charles of the Ritz, and Primrose House—are backed up behind the Arden case.

• **FTC's Argument**—Stripped down, FTC's case against Arden is substantially the same as Gus Blass'. Use of demonstrators and P.M.'s is contrary to R-P, says FTC, unless Arden can find some way of making proportionally equal payments to all its dealers. While a few small cosmetic houses, with limited distribution, might be able to equalize payments, a company like Arden would be forced either to take on an unbearable financial burden or to reduce P.M.'s and demonstrator payments to such a negligible percentage of sales that they would cease to serve their purpose.

If FTC wins its case against Arden, the seven companies now involved in FTC demonstrator actions probably will demand a trade practices conference to lay down ground rules on P.M.'s and demonstrators for the whole in-

dustry. Such a conference was held back in the mid-thirties, but it fell through when the industry decided to wait for the outcome of the actions against Arden and the six other companies (BW-Mar.27'37,p44).

• **A Way Around?**—Cynics in the trade believe that, even if FTC succeeds in banning or drastically limiting the use of demonstrators and P.M.'s, most cosmetic manufacturers will find a way around the law. Certainly, there has been no limit to the devices manufacturers in many fields have found for circumventing other applications of R-P—the restrictions on advertising allowances, quantity discounts, and the like.

Truth is that, while a minority of cosmetic makers doesn't like P.M.'s and demonstrators any better than FTC, the bulk of the industry is convinced that this is the only way to sell cosmetics. The majority holds to this view in spite of the fact that the practice is now so widespread, and the effort and money put into it by different companies so uniform, that the advantages to individual manufacturers appear to cancel out. (One independent checkup turned up a salesgirl who was receiving P.M.'s from six competitive manufacturers.)

• **Demonstrators' Role**—Belief is that demonstrators make for greater total cosmetic sales than could be achieved through any other form of promotion. "Treatment" houses, such as Arden and Harriet Hubbard Ayer, depend on demonstrators to sell whole rituals of beauty care. Similarly, houses with long lines, such as Coty and Bourjois, count on demonstrators to insure extra sales.

Chances are that the demonstrator system eventually will receive its death blow not from FTC but from small organized retailers who see themselves getting the short end of the deal. Privately, cosmetic makers shudder at the thought that some such organization as the National Assn. of Retail Druggists, heretofore occupied with other issues, may some day take up cudgels against demonstrators.

STATE ADVERTISES FARMS

North Carolina's Dept. of Conservation & Development is about to launch an advertising campaign to induce farmers in other states to buy North Carolina farms. The advertising copy, which will be carried in farm journals, will also carry a discreet warning against unwise buys.

The advertising campaign is based on a booklet, "Selecting a Farm in North Carolina," prepared by the state agricultural college's extension service. Farm real estate values in the nation



"You're losing money while Tempus Fidgets"

Fidgets? Why, Time ought to have hysterics over being wasted on some desks... desks as cluttered as yesterday's battle field and handy as a camel on a tight-rope! Don't look now, but in your very neighborhood there are offices full of desks so modern and efficient that they make work a breeze. Want to know how and why? Then ask for full details from—

**ART METAL'S
"MR. EXPEDITER, O. D."**

He's proud of that "O.D." because it means *Doctor of Offices* . . . one

who has hundreds of time-saving and money-saving angles on office routine . . . a man who has made a study, among other things, of how to make desks serve as helpful, comforting tools to the busy executive and any member of his staff. Ask Mr. Expediter to tell you how modern desks work. And ask for his illuminating book, "Manual of Desk Drawer Layout." No obligation; no charge for his advice. Simply call your local Art Metal dealer or write Art Metal Construction Co., Jamestown, N. Y.

Makers of

ART METAL STEEL OFFICE EQUIPMENT

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SYSTEMATIZED EQUIPMENT AND RECORDS FOR BUSINESS



THE MEANING OF THE OTIS TRADEMARK

To the millions of daily passengers on Otis elevators and escalators, the Otis trademark or name-plate means safe, convenient, energy-saving transportation.

To thousands of building owners and managers, the Otis trademark means the utmost in safe, efficient, economical elevator and escalator operation.

To Architects and Engineers, "Otis" means prompt, authoritative cooperation from any one of 245 local offices organized to render service based on the cumulative experience of the Otis Elevator Company.

For the finest in vertical transportation tomorrow, call your Otis representative today.

OTIS ELEVATOR COMPANY

Offices in all principal cities

have advanced at an average rate of 1% a month in the past four years, according to the pamphlet, and, using the index figure of 100 for the years 1912-14, the estimated value per North Carolina acre increased from 111 in 1935 to 224 in 1945, the highest in the country.

The North Carolina publicity bureau is using these data to highlight its advertisements in the January, 1946, issues of the Country Gentleman and the Farm Journal.

Santa Delivered

Department store sales up 14%, but peak was abnormally early. Inventories are down but share prices reflect boom.

Christmas, 1945, will be remembered by the country's department stores as the year Santa Claus really came through.

Economists and retailers were confident that 1945 department store sales would top the 1944 record, both for the holiday period and for the year as a whole (BW-Dec. 1'45, p83), but most underestimated the full effect of the first peacetime Christmas in four years on the public psychology.

• **Abnormal Curve**—Preliminary Federal Reserve Board figures put nationwide department store sales for the week ended Dec. 22 (last full shopping week before Christmas) up 14% from the same week a year ago. Comparative percentage increases for earlier weeks are: Dec. 15, 15%; Dec. 8, 10%; Dec. 1, 7%.

In 1945, as in 1944, the Christmas shopping curve departed from the norm. The holiday sales peak came, not in the last week before Christmas, but in the preceding week. Thus the Reserve Board's over-all index of department store sales stood at 433 this year for the week ended Dec. 15, then slumped slightly to 419 in the week ended Dec. 22.

• **They Shopped Early**—As one merchandise manager put it, "Fear of merchandise shortages has done what all our promotion never succeeded in doing—persuaded people to do their Christmas shopping early."

All parts of the country participated in the boom in Yuletide sales, but some fared spectacularly well. New York City department stores showed a sales increase of 22% for the week ended Dec. 22 over the same week last year. Snowbound Buffalo was virtually the only city showing a slump in this week—10% under 1944. Even strike-torn De-



JUNIOR MISS-BOSS

Fourteen-year-old Joann Durand (right) is a freshman in a Denver high school, but she owns and directs a business employing six people. She began tying trout flies for fishermen at eleven, gained a reputation, started selling them. Now the Joann Durand Fly-Tying Co. sells its output in 200 outlets, reports orders for 2,000 doz. for 1946—at from \$1.10 to \$3.50 a doz. Footnote: Joann caught a 5-lb. trout last summer—with a worm.

troit has been doing all right (BW—Dec.29'45,p84), with sales up 8% for the week ended Dec. 15.

• **Inventories Suffer**—Widespread buying of higher priced items and a heavy proportion of cash transactions were characteristic of the 1945 Christmas trade. In one New York City specialty shop, customers jostled for the privilege of paying—in \$100 bills—for \$60 bottles of Chanel No. 5 perfume which arrived in an unexpected, unadvertised shipment.

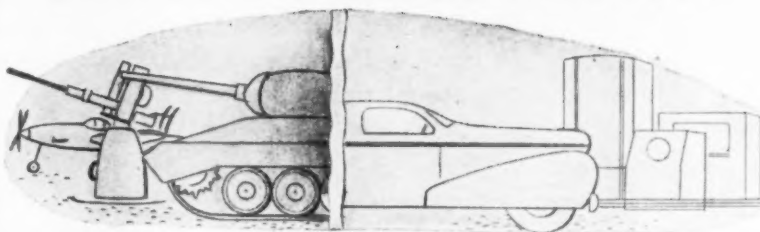
One thing is pretty certain—inventories are sadly depleted. There will be few, if any, January clearances.

• **Stock Reflects Boom**—In the rosy aftermath of Christmas sales—and in anticipation of fat dividends to be declared at annual meetings—prices of department store stocks shot up last week. The most spectacular performer was Gimbel Brothers, Inc., whose common stock rose eleven points in two trading sessions on the New York Stock Exchange. At the end of the month, Standard & Poor's index of department

Here's Help for YOU



if you're struggling through



this "Quick-Change Act"

MANUFACTURERS, who are tangled up in the rush of transition to peacetime production, can get loads taken off their shoulders by *immediately effective* assistance in special work from this fast-moving organization, whose like is found nowhere else: *The Taft-Peirce Contract Division*.

Here is no precocious, single-skilled "war baby." Here is a well-rounded, fully integrated plant which has grown up uninterruptedly through the booms, wars, depressions, and normal times of the last 75 years. During this time, Taft-Peirce has served plants all over the world, in every industry you can think of. And here, ready now, are men and machines to give you quickly what you need — a single tool or part, an entire tooling program, or repetitive production of parts, assemblies, or complete products.

For action *now*, without stalling, wire or write to The Taft-Peirce Manufacturing Company, Woonsocket, Rhode Island. Or phone Woonsocket 1.



FOR ENGINEERING, TOOLING, CONTRACT MANUFACTURING

Take it to Taft-Peirce

INCENTIVES FURNISH THE DRIVE

The coming year, 1946, and the years to follow can bring unprecedented prosperity to the people of the United States if the incentives to secure it are provided.

We have the advantage of starting with an economy which has demonstrated a capacity for expansion unequalled in any other country in the world. Our economy has demonstrated, also, one grave weakness—a recurring interruption of the upward trend of production and living standards by wasteful and paralyzing periods of recession. Recovery from each depression always has carried us to new heights of economic welfare, but the toll of the years of blight has been harmful to everyone.

The job ahead of us is a dual one. We must maintain the vitality of an economy which, over the years, has yielded an enormous increase in the American standard of living, and we also must improve its stability.

The Dynamics of American Production

In the last prewar year, 1940, the population of the United States was $3\frac{1}{3}$ times as large as it was in 1870. But the national production, measured in dollars of constant purchasing power, was 10 times as large at the end of the period, and industrial output had increased 20-fold.

In the meantime, the average number of hours of factory workers had been reduced from about 63 per week in 1870 to less than 40 in 1940, while average hourly earnings had more than trebled in dollars of constant purchasing power. Thus "real" weekly or annual wages in manufacturing had doubled over the 70-year period, even though the work-week was cut by 35 per cent. This was made possible chiefly by a tre-

mendous increase in the quantity and quality of the mechanical facilities which were provided in American manufacturing industry. Manufacturing capital investment per worker was multiplied by 6 times over the period in question. But the return per dollar invested, while it has fluctuated widely between good years and bad, showed no general upward trend over that portion of the period for which measurement is practicable.

Incentives in American Manufacturing

There has been, historically, a remarkably constant pattern in the division of the realized income from the expanding manufacturing output of America. Reliable statistics are not available for as far back as 1870, but from 1899 through 1939 the average share of wages and salaries has been $82\frac{1}{2}$ per cent against $17\frac{1}{2}$ per cent as the share to investors (including dividends, interest, rents, royalties, and non-corporate profits). There have been, from year to year, relatively minor divergences from this pattern of distribution, but there is no discernible trend during the period away from the averages cited.

It is suggested that the persistence of the average $17\frac{1}{2}$ per cent share of realized income from manufacturing that was maintained for the 40 years preceding World War II may represent the proportion that is needed to produce the dividends, interest, royalties, and non-corporate return that will provide for the continuing investment upon which an expanding productivity such as we have had in the past depends. At any rate, it would seem reckless to depart too radically from such an established pattern at a time when unprecedentedly large private capital investment is counted on to make up for the drastic

tailment of such investment during the war years, and to carry us to the new high levels of civilian production set as our postwar goals.

The Distribution of Manufacturing Income in War

At the beginning of the war, the Government adopted controls and a tax program designed to prevent wartime activity from resulting in unduly swollen private returns. Due primarily to huge volumes, the profits before taxes of manufacturing industry were very high, but throughout the war its profits after taxes averaged returns no larger than they had been in good prewar years. Relative to volume, they were considerably lower than in prosperous years in the past. Again, there can be no complaint at results that generally were in accord with a national wartime policy.

But it is fair to note that the wages of manufacturing labor were allowed to increase substantially during the war. Between January 1, 1941 and April, 1945, average weekly earnings per worker increased by 77 per cent. This was, in considerable part, a result of increased working hours and a shift from low- to high-paid industries, but straight-time hourly earnings on the same jobs increased about 40 per cent against a cost-of-living rise of about 30 per cent.

The net result was to alter drastically the 40-year relationship of the 17½-82½ per cent division of Realized Income from Manufacturing. The share of wages and salaries increased to over 90 per cent, and the investment share shrunk to less than 10 per cent.

Its Postwar Distribution

This wartime shift in the proportion of distributive shares has an important bearing upon current wage controversies. With union demands for wage increases ranging up to 30 per cent, and the economists of the Office of War Mobilization and Reconversion asserting that an average increase of 24 per cent is feasible without raising prices, it is pertinent to inquire how such increases would affect the prewar ratios that governed realized income distribution in manufacturing. Forecasting is always hazardous, but if we assume (1) that in 1946 we shall reach the \$160 billion level of national output which the Government proponents of general wage increases expect, and (2) that there will be little increase in productivity because of the

continuing process of reconversion, and (3) that the Government will succeed in carrying its announced purpose to maintain present price ceilings, it appears that a 24 per cent general wage increase would reduce the share going to capital from 17½ per cent to 11 per cent even allowing for its increased return resulting from the repeal of the excess profits tax. The prewar ratios would be about maintained if wages remained at present levels.

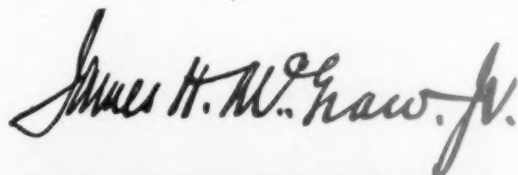
Conclusion

Since the maintenance of these prewar ratios was accompanied by an unparalleled rise in the "real wage" of American workers, there is a powerful prima facie case for not tinkering with them. It should be noted, however, that some economists think that the size of the investment share of manufacturing income tends to provide more capital than can be absorbed by a mature economy, and thus contributes to those breaks in the expansion of the economy which, as stated at the outset, have been its principal blight.

Regardless of what may ultimately prove to be the validity of this view, no one can responsibly contend that at this early but crucial stage in the reconversion process is the time to test it. Now, no one knows whether, or what dimension of, additional wage increases can be supported without forcing up prices or reducing profits to a point that will discourage vitally needed private capital investment.

We want high and increasing wages in American manufacturing. We need them to provide an active incentive to workers to support expanding productivity, as well as to continue the trend of rising living standards in America. Equally, we need a continuing profit incentive of sufficient attractiveness to call forth the new investment upon which expanding productivity depends.

We can never attain our dual objective if we push one of these aims so far and so fast that it defeats the other.



President, McGraw-Hill Publishing Co., Inc.



Shadow Catcher





Lines and letters...shades and shadows...his job to reproduce them perfectly on the printed page! Long apprenticeship—and years of experience—developed the touch and the talent of this master engraver.

Just as it takes long years of toil and training to produce the true values and vivid lines of the finished engraving, so it is in the development and manufacture of the vital connecting links between driving and driven members of powered equipment and machinery.

For 27 years, now, Twin Disc has been designing, building and applying *proved power links*...Twin Disc Clutches and Hydraulic Drives for almost every type of industrial installation. From

these years of experiment and experience have come important improvements in the transmission and control of power...increased efficiency in the operation of powered industrial equipment and machinery.

That's why, today, many nationally recognized manufacturers look to Twin Disc to satisfy *all* their requirements in the field of power linkage. If you, too, have a problem of power transmission or control, why not ask the advice of Twin Disc Engineers? Their experienced counsel is yours for the asking—without obligation. Write TWIN DISC CLUTCH COMPANY, Racine, Wisconsin (Hydraulic Division, Rockford, Illinois).

SPECIALISTS IN INDUSTRIAL CLUTCHES SINCE 1918

store stock prices showed an increase of 86% for the year 1945.

Because their inherent flexibility enabled them to sidestep merchandise shortages, largely by stocking up heavily on higher-priced goods, department stores have been in a better position than most retail outlets to take advantage of the consumer's eagerness to buy. But 1945 has been another record year for retailers in virtually all lines. Preliminary Commerce Dept. estimates of total 1945 retail sales at somewhat better than \$74 billion, a gain of some \$5 billion over the 1944 figure of \$69 billion plus. And Commerce is betting on a further boost in retail sales in 1946.

Petrillo Again

His ban on foreign music broadcasts catches public eye but musician-quota demand more important to stations.

Last week when James C. Petrillo aimed two new explosive demands against the radio broadcasting industry on behalf of his A.F.L. musicians (BW—Dec. 29 '45, p. 5), headline emphasis was generally placed on the ukase that effective Dec. 31, 1945, radio stations would be barred from presentation of foreign-origin musical programs. More important to small radio stations was Petrillo's less-publicized warning that his union is now ready to demand virtually universal acceptance of its requirement that all stations employ standby musicians.

• **Quota System**—That second announcement applies to 411 of the broadcasting stations affiliated with radio networks, since, according to the union's figures, only 275 stations are now complying with Petrillo's so-called "musicians' quota." Under this system every broadcaster is required, in contract, to employ a certain number of musicians regardless of whether it is a "live music" or has a studio orchestra.

Basis of many broadcaster-union skirmishes in the past (BW—Feb. 1 '45, p. 110), the standby musician principle has been established by Petrillo in a majority of the large stations and a wide sprinkling of small ones. The National War Labor Board several times has recognized the musician union's demands that stations employ members even though the station managements protested they did not need them.

• **"Spreading the Work"**—Criticized management as a form of "featherbedding"—that is, forced employment

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men for whom no work exists—the musicians' quota system is defended by Petrillo as a means of assuring work for musicians who otherwise might be left jobless by the advances of broadcasting. In the past, broadcasting stations had their own orchestras and studio musicians. Now, Petrillo points out, network stations obtain most of their "live" music from one orchestra which might be aired by some 50 to 100 stations. Network "feeding" of music to affiliates is all right, Petrillo says, only if every station employs A.F.L. musicians on a standby basis.

This argument recently was raised by Petrillo against frequency modulation (FM) broadcasting stations which were airing the same programs going out on standard wavelengths (BW—Oct. 27 '45, p. 28).

• **Threat of Showdown**—And it was one of the announced causes of the A.F.L. musicians' show-of-strength several months ago when several popular network broadcasts were prevented from going on the air because, Petrillo announced then, affiliated stations in several cities were refusing to sign musicians' quota contracts.

The new announcement, while not presaging a new principle, in effect is a threat of a showdown fight. Its timing is significant because the National Assn. of Broadcasters, to which most stations belong, recently launched a quiet campaign to establish a new labor policy—Petrillo's union interprets it as a united front—under the direction of Justin Miller, new N.A.B. president.

Petrillo has never made a policy of waiting for employers to make the first moves in labor relations. Hence his new announcement must be considered as a thrust to get N.A.B. off-balance, to break up any united front campaign before it can be solidified under Miller's guidance. It is generally viewed as a hint that broadcasters who want to avoid strikes or stoppages by musicians had better initiate conferences on the musicians' quota system before the Petrillo union acts to enforce its demands.

• **Not an Easy Question**—What N.A.B. will do now is up to directors of the organization, in conference this week in Los Angeles. It's no easy question because Petrillo holds most of the trump cards, including agreements with one-third of N.A.B.'s members on the musicians' quota system. With that group of stations abiding by the agreement—albeit unwillingly in many instances—N.A.B. may have a hard job getting a solid enough front to buck the union.

There also is the very big question of how much support can be expected from N.A.B. member stations and net-

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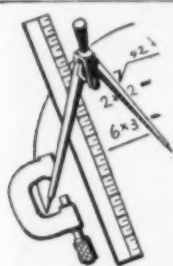
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works if the union decides on a divide-and-conquer policy of striking.

• **Foreign Ban Affects Few**—The Petrillo ban on foreign music (except Canadian) broadcasts by American stations actually will have very little effect on most broadcasters, since few pick up overseas musical programs for domestic broadcasts. In most instances foreign pickups are of religious services and Army and Navy programs, which Petrillo has indicated may be exempted.

The union's particular target is believed to be a small group of stations regularly using British Broadcasting Corp. programs, including music. BBC, however, denied that its overseas broadcasting schedule would be hard hit.

Car Dealers Unite

Denver firms organize new group-buying plan for supplies, oil, gasoline, and tires. Insurance may be added later.

A growth in group-buying plans, which enable independent retailers—both large and small—to pool their buying power for greater economy and efficiency, already is one of the established characteristics of postwar distribution.

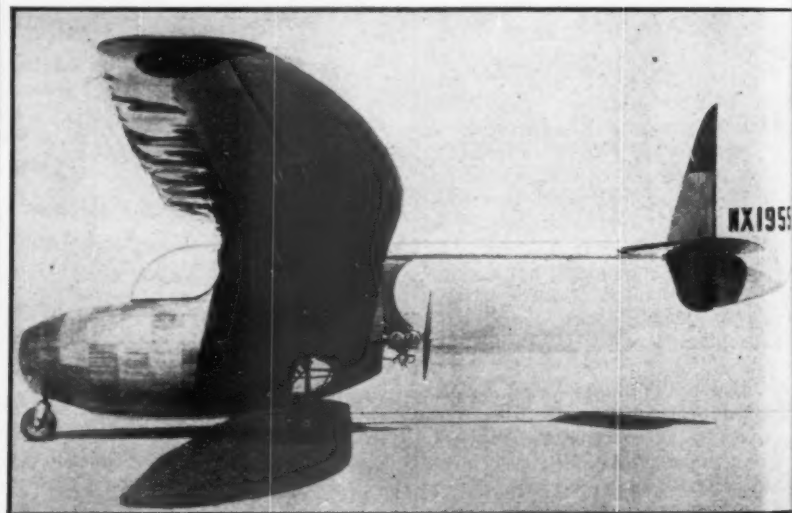
• **Nonprofit Pool**—Latest evidence of this trend comes from Denver, where 37 out of the city's 40 new-car dealers

have established a nonprofit corporation, Auto Dealers, Inc., to purchase supplies for its members. It will buy everything its members use except, of course, the cars themselves and those parts which come from the car maker.

The buying pool will start by purchasing oil, gasoline, tires, interchangeable parts and tools, and all other items sold or used by an auto dealer outside his own company's specific lines. It will probably have its own bulk plant for packaging and redistributing petroleum products. Eventually, the dealers hope to move into pooled buying of such services as insurance, warehousing, transportation, and unloading of new cars.

• **Looking to Expansion**—Auto Dealers, Inc., will operate on the principles followed by most department store and similar buying organizations which buy and sell as cheaply as possible, rather than those of cooperatives which usually sell members at the market price, subsequently distributing patronage dividends or refunds. Member-dealers will share overhead expenses. In time, however, Auto Dealers, Inc., may set aside some of its savings, rather than pass them along directly to members in the form of lower prices. These savings would be used to finance expansion programs, such as the bulk petroleum plan.

Buying pools are not entirely new in the automobile field. Setups similar to Auto Dealers, Inc., have rocked along in other cities for a number of years. Chances are, however, that Auto Dealers



GLIDER WITH ITS OWN SHOVE POWER

A glider that is reported to get off under its own power without tow-car or plane to lift it aloft has completed test flights at San Fernando, Calif. The Bumblebee's auxiliary four-cylinder, 16-hp. engine also facilitates landing when wind currents fail. Made by Nelson Aircraft Corp., the craft is said to cruise for an hour and a half at 75 m.p.h. on its 3 gal. of gas. Scheduled for production within six months, it will sell at under \$1,000.



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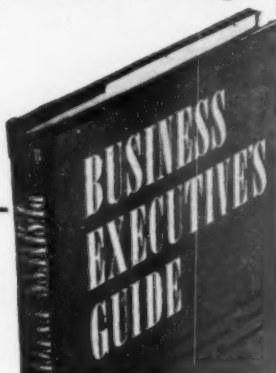
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• N.A.D.A. Is Neutral—The National Automobile Dealers Assn., powerful trade association, takes no stand on group buying. N.A.D.A. does not promote buying pools, but offers no opposition if local groups are interested. Auto Dealers, Inc., got its start with plans laid by members of the Denver Auto Dealers Assn., but the two organizations have no connection.

Popular Saucepan

Pressure cooker for meat and vegetables finds a ready home market, intensified by the public's avidity for metal items.

One reconversion item which seems to be well on its way to an established place in the postwar kitchen is the pressure saucepan for quick cooking of fresh vegetables and meats.

The pressure saucepan is not, strictly speaking, a new product. Models were marketed as early as 1938, with Vischer Products Co. (maker of the "Flexseal" cooker), National Pressure Cooker Co., and Aluminum Products Co. among the first manufacturers.

• A Familiar Principle—The saucepan makes use of a principle familiar for years in the pressure canner. But with the coming of reconversion, housewives and houseware manufacturers are suddenly showing a tremendous interest in the saucepan which—like similar metal items—went out of production during the war.

Manufacturers who are new to the pressure saucepan market already have models on sale. Examples are Aluminum Cooking Utensil Co., maker of "Wearever" aluminumware; Landers, Frary & Clark; Aluminum Goods Manufacturing Co., producer of "Mirro"; and Ekco Products Co. Other kitchenware companies are known to be readying models for production soon.

• Air-Tight Cover—The pressure saucepan looks like a conventional saucepan, with the addition of an air-tight cover equipped with a steam vent and a safety closing device. Like the larger pressure canner, it uses steam pressure to attain temperatures higher than boiling water. Peas take one minute to cook; chicken and meat cuts can be done in half-an-hour under 15-lb. pressure.

The cookers are made of light metal which heats up or cools off rapidly so that pressure (and temperature) can be raised or lowered to prevent over-cooking of tender vegetables. Retail prices

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s field.
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powerful
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not pro-
no oppo-
interested,
start with
Denver
vo organ-

range from \$12 to \$14 for the four-
quart size, only size now on the market.
Smaller sizes, at slightly lower prices,
are expected later.

• **Advantages**—Among the advantages
claimed for pressure cooking are time
and fuel saving, high retention of vita-
min and mineral values, and better
flavor than is obtained by other meth-
ods of cooking.

Present avid demand for the pressure
saucepan has been built up by word-of-
mouth advertising by happy prewar buy-
ers and by the flood of wartime nutri-
tion propaganda. Dept. of Agriculture
home economists, who for years have
been advocating the pressure canner as
the only safe way to can nonacid vege-
tables like corn and beans, have also
given the pressure saucepan their bless-
ing.

• **Pent-Up Demand**—An important, if
intangible, factor in the saucepan's cur-
rent popularity undoubtedly is the
pent-up consumer demand for any-
thing made of metal, along with the
public's conditioning to the acceptance
of a raft of new products in the postwar
period.

There's a chance, of course, that the
market may go thin before the pressure
saucepan is well established. One pos-
sible pitfall is overselling; another is
failure by manufacturers to educate
housewives in the proper use of pressure
cookers which involve an entirely new
cooking technique.

WANT STANDARD SURVEYS

Market research is coming of age.
Time was when any sort of research
project was considered better than none
at all; if different methods produced
different results, that was only to be
expected. Now there is a growing move
toward standardization of techniques.

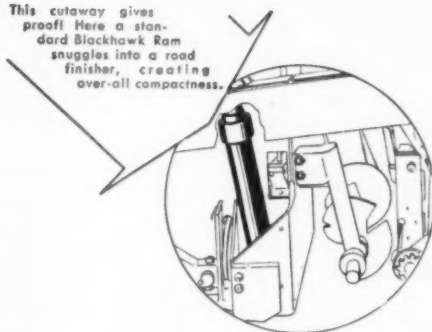
Latest evidence of this trend is the
joint effort of the Newspaper Advertis-
ing Executives Assn., Inc., the Assn. of
National Advertisers, the American
Assn. of Advertising Agencies, and the
American Retail Federation to find an
acceptable pattern for use by newspa-
pers in conducting consumer research
projects. Newspapers have long been
among the most avid researchers, delug-
ing advertisers and agencies with infor-
mation on local markets. The hitch has
been that no two such surveys were
ever comparable, making it wellnigh
impossible to use them as a basis for
comparing markets.

Now, as the first step in a plan to
standardize local surveys, N.A.E.A., in
cooperation with the other groups, is
sending out a questionnaire which asks
newspapers to grade the relative impor-
tance of various items of market research
information.

ECONOMY

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LABOR

Stabilization Setup Changes

New tripartite agency takes over wage adjustment duties of old NWLB, but it won't handle disputes between management and labor since that function passes to the fact-finding panels.

The government alters its wage stabilization machinery with the advent of the new year, but the policies and procedure remain as blueprinted by President Truman and his aides over the months since V-J Day.

• **Tripartite Nature**—The National War Labor Board, arbiter of many bitter wartime conflicts between labor and management, officially closed up shop Jan. 1 and bequeathed its stabilization functions to a smaller agency.

The new unit, tentatively known as the National Wage Stabilization Board, will be of the same tripartite nature as NWLB, but only half the size—two public members, two from labor, and two representing industry.

W. Willard Wirtz, NWLB public member and former general counsel of the wartime agency, heads NWSB. Wirtz has been directing the operations of a similar stabilization division operating as part of NWLB.

• **Duties of the Agency**—Chief functions of the new board, which contemplates a national staff of from 700 to 900 persons compared with peak NWLB employment of 2,600, will be:

(1) To pass on wage agreements still requiring federal sanction in connection with upward adjustment of prices.

(2) To approve wage rate reductions.

(3) To enforce stabilization regulations and dispose of 8,000 to 10,000 pending cases of violations.

• **To Retain Regional Setup**—Wirtz's associates on the NWSB also will be men of NWLB experience: Sylvester Garrett, former chairman of the Philadelphia regional war labor board, as the other public member; Robert J. Watt (A.F.L.) and Carl Shipley (C.I.O.), labor; Randall Irwin (Lockheed) and Earl Cannon (Wisconsin trucking official), industry.

NWSB will maintain the same twelve regional offices as NWLB, but several will be operated virtually on a standby basis. Like the national board, the regional units will consist of only six members. The chairman and his public member associate will be on a full-time basis, while the two labor and two industry regional board members will serve per diem.

Most of the NWSB personnel will be scattered throughout the country, however, with the Washington staff expected to total approximately 225 persons. Virtually all of the personnel will be drawn from the NWLB ranks, with the exact size of the new agency's staff depending on action by the Bureau of the Budget.

• **Independent Status**—The new board will not handle disputes between labor and management. That function dies with NWLB. The government's disputes settling machinery will be lodged in the Conciliation Service of the Dept. of Labor and such fact-finding panels as President Truman and Secretary of Labor Lewis B. Schwellenbach choose to appoint.

NWSB will remain independent of

Schwellenbach so far as its policies and decisions are concerned. The labor secretary, officials explained, concurred in the independent status of the new board. Complications would result if the Conciliation Service, under Schwellenbach's direction, sent wage settlements to a stabilization board all under his management and the proposed agreements were rejected.

• **To Act on Wage Cuts**—Wage reduction cases are expected to form an important part of NWSB's function depending on the extent of unemployment and the slackness of the labor market. There is a statutory floor under wage rates holding them at the highest level paid between January and October, 1942.

Moreover, federal approval is required to reduce rates from their present level, even if they are above the statutory floor. A statement on wage reduction policies is expected from the new board shortly. Generally speaking, rate reductions probably will be approved if the job content is less, but denied if the work remains the same but only the product is different.

In the past four months, NWLB disposed of approximately half of a backlog of some 18,000 cases of stabilization violations which occurred prior to inauguration of Truman's new wage



SPARKS IN ELECTRICAL STORM THREAT

Though C.I.O. electrical workers, represented by James J. Matles (left), and organizational director, parleyed last week with U. S. Conciliation Service director Edgar L. Warren (right), consensus was that the meeting served only to underscore the seriousness of their strike threat. Involved are some 200,000 C.I.O. members in 76 Westinghouse, General Electric, and General Motors plants. The union presented demands for a \$2-a-day wage hike; management representatives were less receptive to a bid to explain their views. And union plans for a strike conference this week end went on apace.

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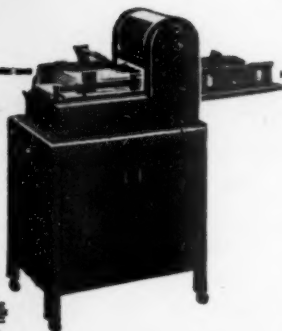
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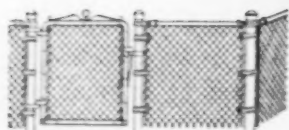
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price policy last summer (BW-A-25'45,p15). The remainder will be cleared up by NWSB.

• **Price Consideration**—The third important function of NWSB will be to handle wage agreements requiring general approval for price purposes. The President's executive orders of last Aug. 18 and Oct. 30 authorized wage increases in any amount without government approval if they were not made the basis for an increase in prices.

Subsequently, Economic Stabilization Director John C. Collet issued a detailed set of regulations (BW-A-15'45,p94) authorizing approval of NWSB of wage adjustments within specified classes of cases and, when the approval is obtained, the employer may use these increases as a basis for seeking an increase in price ceilings.

• **Adjustment Privileges**—Classes of approved increases include: wage adjustments under the standards applied by NWLB which were in effect prior to Aug. 18; increases to compensate for rises in the cost of living (which Collet ruled had climbed 33% from January 1941, to September, 1945); and increases to correct inequities in rates paid in different plants in the same industry or locality.

Provision also was made by Collet with respect to wage adjustments necessary to insure essential production where manpower bottlenecks arise in the reconversion program. Preapproval in so-called bottleneck cases, however, is not granted until an industry is de-



Backed by experience on the defunct NWLB, W. Willard Wirtz heads the new National Wage Stabilization Board, handling NWLB's stabilization functions—not its peacemaker role in labor-management disputes.

ated by the Office of Stabilization Administration.

The government's use of fact-finding commissions to settle major industrial disputes may provide NWSB with a heavy load of work if such panels recommend wage boosts and the employers demand price relief to fulfill the recommendations.

Prophetic Raid

Aggressive A.F.L. union takes over Chicago C.I.O. local in merchandising, forecasting 1946 variety of labor dispute.

Just as 1945 ended, Chicago employers were vouchsafed a glimpse of the kind of labor trouble which, it is being generally assumed, will be a major problem to employers everywhere in 1946. With a bold and well-calculated assault, the A.F.L. took over C.I.O.'s largest unit in Chicago's merchandising industry and, as a result, an aggressive A.F.L. union was ready to challenge C.I.O.'s dominance in the lushest field for organization still largely unexploited by unionism.

• **"No Value Received"**—Although almost endless litigation is indicated below the situation clears enough to be described in unequivocal terms, what has happened is, in effect, that Local 291 of C.I.O.'s United Retail, Wholesale & Department Store Employees—with union shop contracts in some of State Street's biggest department stores—switched affiliation to A.F.L.'s up-and-coming Building Service Employees. Officers of Local 291 assert that more than 90% of their 3,000 members have already signed up with the A.F.L. They offer as the reason for their change-over, the charge that for the approximately \$4,000 they have paid to the C.I.O. in per capita tax they have received no value in return.

• **Matter of Major Concern**—As an early move in a broad A.F.L. program of operations against the C.I.O., the importance of the Chicago jurisdictional war cannot be much exaggerated. Betokening similar things to come, and C.I.O. efforts at reprisals against the A.F.L., the industry generally will see in the Chicago clash a pointed forewarning. But in the not-too-clearly defined industry which the Dept. of Labor classifies as "trade" with its more than seven million employees, the Chicago incident is at once a matter of major practical concern.

For the last ten years, two unions have engaged in a rather desultory competition for members in a small seg-

Advertisement

RETRIEVER PLANE

Ship-of-all-work

War experience has proved American-made planes outstanding in many respects, but it is in ruggedness that our aircraft lead the world. Near the top for toughness among U.S. ships is the little-known J2F-6, Columbia Aircraft's aptly-named "Durable Duck."

Employed for scouting, reconnaissance, photographic observation, plasma delivery, rescue work, and numerous other chores, the Duck is ship-of-all-work. Because it is versatile, durable, and able to land and take off where more glamorous planes can't, it is in rescue work that the Duck wins its laurels.

70 Yards for Landing

One Duck landed in smashing seas,



taxied nine miles with waves breaking over its top wing, then took off without a sputter. Another landed in a reef-rimmed 70-yard inlet, took off cross-wind inside 200 feet, despite a severe pounding.

Best example of Duck durability is the J2F-6 that was being towed by a



surface ship in high seas. The tow-line parted twice, waves filled the cockpit, submerging the plane's lower wing. Further towing was impossible, so the Duck was abandoned.

Next day the Duck was still afloat, had to be sunk by shells from a warship—two hits were required to make it go down!

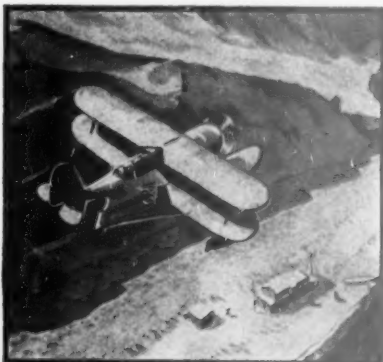
Snatching Wounded from Japs

Ducks have sidled in to "impossible" landings in Jap territory, while escort fighters circled overhead. Often, the Duck took the air again with a full load of wounded, sometimes with an overload lashed to the wings.



No thing of beauty on the ground, the amphibious Duck becomes oddly impressive in flight. Over both oceans, it has functioned effectively as a scout plane, mercy ship and dependable beast of burden.

It was a Duck that found the Nazi weather station in Greenland. Another Duck, operating out of Henderson Field, Guadalcanal, picked no less than twenty downed pilots from the sea.



For its many rescues, word came from the Pacific that the ungainly but rugged amphibian had earned a new nickname, "The Beloved Duck."

Justly proud of the gallant performance of the Duck, Columbia Aircraft workers are now engaged, under Navy supervision, in building a new amphibian—larger, with increased range and greater load capacity. The same men and women who built the sturdy Duck are building the new and even more versatile plane. And the same craftsmanship which has made the Duck a by-word for ruggedness and reliability will distinguish Columbia's new workhorse of the air. Columbia Aircraft Corporation, Valley Stream, N. Y.

THE LABOR ANGLE

Deduction

Credit the elaborate wartime anti-absentee campaigns with spreading awareness of a "normal amount of absenteeism" to the point where it can have some positive economic benefits for an employer. John A. Griffin, sitting as arbitrator in a discharge case involving an employee of the Bell Aircraft Corp. plant in Marietta, Ga., ordered the employee reinstated with back pay for time lost, minus an amount which it was reasonable to assume he would not have earned anyway because of absences from work.

In taking cognizance of a normal amount of absenteeism, Griffin took account of a factor which government agencies and courts, concerned with reinstatement cases, have always ignored. His ruling suggests that employers, held liable for back pay or retroactive wage increase claims, have at least an opening for claiming deductions on the basis of established attendance records.

Franchise

Too late to be of superlative interest, but still of practical importance to many employers, the National Labor Relations Board has reversed itself on the issue of permitting employees in the armed services to vote in polls conducted to determine the preferred collective bargaining agency. Up until it decided the question in the recent case involving the South West Pennsylvania Pipe Lines and C.I.O.'s oil workers, NLRB's policy banned employees on military leave from voting. Now, if ballots to soldiers are returned within 30 days after being mailed out to a list of names to which both parties agree, these absentee ballots will be counted.

NLRB's policy formulation ends a long and heated argument which was distinguished by the fact that the arguers frequently changed sides without losing any of their passionate conviction. Although most employers, and the National Assn. of Manufacturers, maintained as a principle the serviceman's right to vote—assuming that, on the whole, he would vote "no union"—and organized labor, more often than not, took a contrary position, expediency was

the real determinant of where the parties stood in any given case. In a situation like the Montgomery Ward dispute, for example, where there was a bitter contest over who was eligible to vote, the C.I.O., knowing that the company's heavy personnel turnover had brought a large number of nonunion-conscious workers into the bargaining unit, insisted that employees on military leave be permitted to cast a ballot. The company opposed their participating.

In the South West Pennsylvania Pipe Lines case, NLRB had at last both a company and a union favoring soldier participation. It used its opportunity to establish a precedent that will now be governing.

Tripartite

The Administration is not yet sure of how it wants to handle the fact-finding process on which it is pinning high hopes for avoiding strikes. The first two fact-finding boards that the President appointed—in the oil and General Motors cases—were made up exclusively of public representatives; but the third board—assigned to the Greyhound Bus strike—is tripartite. It is obvious that Truman is groping for the approach which will be most effective.

The tripartite arrangement established for the Greyhound case, however, does not follow the familiar National War Labor Board pattern under which labor, industry, and public had equal representation. The Greyhound board has three public members and one each representing the union and the employers. Such a weighting obviates the possibility that the parties directly concerned will make a majority which could, conceivably, override the public members' judgment—an occasional occurrence on NWLB.

Diplomat

The C.I.O.'s opposite number to Robert Watt—A.F.L.'s expert on international affairs and a perennial U.S. labor representative abroad—will be Michael Ross of the shipbuilding workers union. He heads C.I.O.'s Dept. of International Affairs which will maintain liaison with the State Dept. and conduct business with foreign labor unions.

ment of retail and wholesale distribution. These were C.I.O.'s U.R.W.D.S.E. and A.F.L.'s Retail Clerks Protective Assn. Younger and much more enterprising, the C.I.O. unit, under the presidency of Samuel Wolchok, has succeeded in unionizing the salespeople of some of the nation's most important retail stores.

• **Almost Its Undoing**—The A.F.L. group, moribund and cautious, concentrated on holding what it had and increasing its strength moderately in smaller retail establishments. In effort it frequently had at least benevolent neutrality from employers who viewed it as an insurance against the C.I.O.

About four years ago, the C.I.O. union began concentrating its attention on the mail-order business, and its orientation, which met with some important immediate successes and which seemed to be very smart tactics at the time, has proved almost to be its undoing. The Montgomery Ward situation, in which U.R.W.&D.S.E. has organized, and organized again, and the strike, has proved to be a running out of which has bled the union's resources, energies, and talents. It has been weakened to the point where resistance to raids by hungry rivals is at a low ebb.

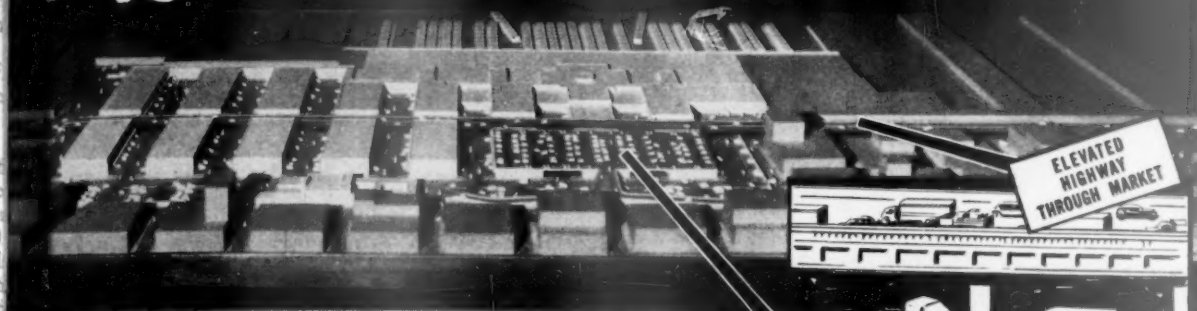
• **Very Different Union**—Important however, it is not A.F.L.'s comatose tail clerks unit which has been elected to cut juicy slices out of U.R.W.D.S.E. The Building Service Employees is a union of very different quality.

Brought to considerable, if somewhat dappled, eminence under the presidency of George Scalise, housed in Sing Sing, B.S.E. is currently under the leadership of William McFetridge who rose to power while in Chicago's flat janitors union and a mutually convenient political alliance with Mayor Edward J. Kelly.

A unionist of the highly developed expansionist stripe, McFetridge has been busy organizing the nonselling employees of Chicago department stores. Compared to the salespeople they represent a small group and McFetridge is credited with long coverage of U.R.W.&D.S.E.'s jurisdiction. It carries off the Chicago raid successfully all those cities from coast to coast which B.S.E. operates can expect to see new, well-heeled organizational developments in their retail stores.

• **Plan of Attack**—The pattern of the campaigns can be expected to follow—so far as local circumstances permit—what happened in Chicago. McFetridge will get a foot into the store organizing nonselling personnel: elevator operators, porters, window washers, stock room employees, etc. From

R to relieve MARKET CONGESTION

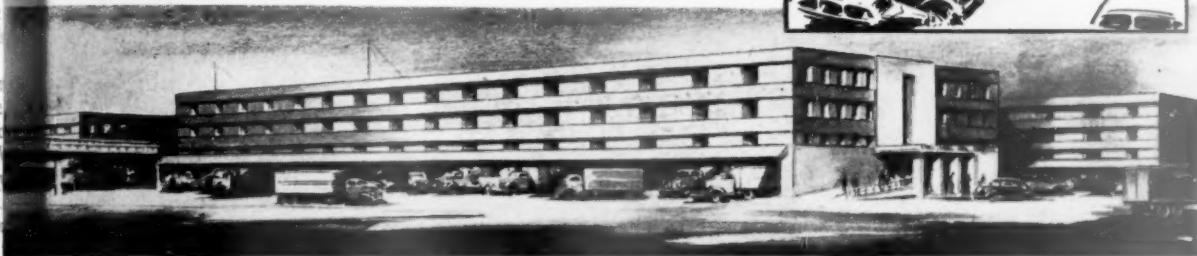


Lower Manhattan's old Fruit and Vegetable Market has long suffered with a congestion headache.

Produce arrives in New York City by boat, rail and an increasing percentage by Truck and Trailer. All must leave by motor vehicles.

Designers' model of New York's new Produce Market to occupy 57 acres of ground and dock space. The site will include the present market in lower Manhattan, extending from Lighthouse Street to Murray Street, west of Greenwich Street.

View of the proposed buildings with adequate inbuilt loading platforms. The design has been projected to meet anticipated peak traffic as far ahead as 1960.



Inadequate receiving and shipping facilities are responsible for wasteful delays. Motor transport is not permitted to deliver its full measure of efficiency.

Today trucks are compelled to wait hours. Often these delays represent the time required to haul their loads 240 miles. Produce piled up awaiting movement adds to the confusion.

This is the problem faced by William J. Hyland, New York consulting engineer, engaged to design a new market for the Dept. of Public Works of the City of New York. It took two years of study and at times more than 200 inves-

tigators to write a suitable prescription for this condition.

Pictured is the favored program. Its design permits motor transport to operate unhampered.

Five three-story buildings for wholesale stores will have enclosed platforms for outgoing truck deliv-

IN YOUR PLANNING . . .



If your business is marketing, manufacturing or distributing, perhaps motor transport can be made to fit more closely into your business — to effect greater efficiency and economy. The advice of your Traffic Manager, Architect and Engineers will be invaluable in your planning.

eries. Tractor-Trailer "trains" will move produce within the market area. Trucks and Trailers will have adequate space and platforms at tailboard levels. Between buildings, streets will be 110 ft. wide—space for vehicles on either side with two traffic lanes in the center.

Ten acres of parking space, 5 acres each in two levels, are designed into the building. The upper deck will connect with the West Side Elevated Highway as shown.

Such an innovation in market design is certain to give New Yorkers fresher, cleaner and cheaper foods.

World's Largest Builders of Truck-Trailers
FRUEHAUF TRAILER CO., DETROIT 32
Service in Principal Cities

FRUEHAUF TRAILERS "ENGINEERED TRANSPORTATION"

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base he will move either to take over the bargaining agency established for salespeople, or, failing that, seek to establish a competitive unit. In cases where the salespeople are not organized, he will use his service workers to organize the counter staffs. It is clear that he is planning to carve a great labor empire out of this vast, and largely unorganized, industry.

In this effort he will, as a matter of high policy, get full support from the A.F.L. The federation's top command puts no postwar objective above that of destroying the C.I.O. It will fight it on the picket line, in stores and factories, in mills and offices, and in the lobbies and committee rooms of Washington. In this enterprise, McFetridge, a hard-hitting labor leader of the old school, makes an effective field general.

Doomed Formula?

Fact finding, main hope of Administration on labor front, receives a major setback when G.M. withdraws from hearings.

The Administration's hope that the fact-finding process would provide a peaceful means for settling labor disputes suffered a major setback last week end when the General Motors Corp. withdrew from hearings before a board in Washington that was established to investigate and recommend a solution of the wage issue behind the G. M. strike.

The corporation's decision to absent itself from the proceedings followed a declaration by President Truman which held with C.I.O.'s United Auto Workers that ability to pay is always relevant in determining wages and that the fact-finding board should, as a matter of course, take it into account (BW-Dec. 29'45, p102).

• **Company's Reasons**—G. M. construed this development as "a broad attack on American industry and free enterprise" and offered the following basic reasons for having nothing more to do with the panel:

- (1) G. M. does not plead inability to pay as a reason for rejecting any wage recommendation.
- (2) The fact finders are not competent to pass on the uncertain variables involved in future profits and prices.
- (3) Prices and profits are a matter for the exclusive consideration of OPA.
- (4) Recommendations based on price and profit data which the fact finders alone would see would leave both parties to the dispute unaware of what evidence the board considered important,

and would thus be unlikely to promote confidence in the minds of the parties.

• **U.A.W.'s Case Heard**—After G. M. pulled out, the fact finders heard Walter Reuther and other U.A.W. representatives present their ex parte case for a 30% pay boost without an increase in automobile prices. At the conclusion of the hearings, the board prepared to formulate recommendations as G. M. and U.A.W. resumed bargaining conferences in Detroit.

Defiance of the fact-finding process by an employer so early in the game establishes a precedent that may well make fact finding of any voluntary sort practically useless in heated disputes.

• **Legislative Angle**—By dramatizing employer opposition to producing books and records, it will also make it more difficult for Truman to get from Congress the subpoena powers for fact finders which he seeks. This definitely imperils the passage of the only labor legislation the Administration favors for dealing with the current strike crisis.

Such a tactical setback strains further the already taut relations between the White House and the Dept. of Labor. The fact-finding idea is generally credited to John Steelman, former Com-

missioner of Conciliation, who is a special Truman assistant. It was not exactly attuned to Secretary of Labor Louis Schwollenbach's ideas. There are plenty of people in Washington who are prepared to bet that either Steelman or Schwollenbach will soon be leaving the official family.

Slow But Sure

M.E.S.A. locals accept 10¢ hourly raises now, to see more later. Independent union begins organizing foremen.

In sharp contrast to the 30% wage raise program of the C.I.O., the aggressive Mechanics Educational Society of America, independent union of U.S. States craftsmen, believes in getting wage raises a bit at a time. Hence it is busy negotiating new rates running 10¢ or so an hour higher, and makes no bones about planning to go for another dime next spring.

• **Deal at Kelvinator**—Thus far it has had notable success. It lists a de-



PEACEFUL START FOR A NEW YEAR

Strikebound more than three months, Ford's Canadian plant at Windsor coming to industrial life again as its 10,000 workers drift back to their jobs under a flag of truce. Announcement of the end of the strike, one of the longest and biggest in Canada's history, was made by (left to right) Harlan Ewing, union election committee chairman, Roy England, head of the plant's United Automobile Workers local, and George Burt, the union's Canadian regional director, after a 72% vote of the rank and file to accept government supervision of negotiations on disputed issues—wages and a union shop. About 2,000 were recalled last week to warm up machinery for return of the rest to be summoned as soon as materials are obtainable to resume production.

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plants which already have made dime deals, and others among its 40-odd locals are expected to reap similar benefits shortly.

Most interesting of the deals arranged so far has been the one at the Kelvinator plant in Detroit, because it is a division of Nash-Kelvinator Corp. The dime-and-better raises effective there mark the second automobile company to grant postwar advances, the first having been Studebaker, last summer, which gave increases of 12¢ an hour (BW—Sep. 15'45, p94).

Another one which has all the earmarks of a pay raise but doesn't so classify is the added vacation bonus arrangement for the several thousand employees of Michigan Tool Co. and affiliated companies. Each worker for the company has been granted \$156 extra allowances.

• **Settled Till July**—That sum figures up to exactly the amount each would have obtained for 26 weeks of 40 hours, had they been awarded a 15¢ advance (BW—Dec. 29'45, p96). In recognition of this fact, M.E.S.A. agreed not to seek further wage raises until next July at the earliest.

Another dime raise settlement was worked out at Cleveland Graphite Bronze Co., on strike for several weeks in a tie-up which seriously curtailed the supply of bearings that were available to the automobile industry (BW—Nov. 24'45, p17).

John Aluminum's Adrian (Mich.) plant, Eureka Vacuum Cleaner Co., Detroit, National Acme Co., Cleveland, Park Controller Co., Cleveland, and other companies have also negotiated raises of 10¢ or a bit better with M.E.S.A. unions during the course of recent weeks.

Organizing Foremen—Meanwhile, M.E.S.A. is moving into another field of extreme interest. Organizing of foremen is now under way in both Detroit and Cleveland, confined, however, to plants in which M.E.S.A. already has secured bargaining rights for the rank and file.

At Cleveland the union has chartered Local 19A, the nucleus of which is supervisory men of the National Acme Co., and into which all foremen in other Cleveland M.E.S.A. plants are welcomed. At Detroit a number of Kelvinator foremen have already been organized in Local 9A, an offshoot of Kelvinator Local 9.

Thus far, no formal moves have been made in behalf of the foremen other than to take care of the job of organizing them. Indications are that none will occur before the courts finally decide whether foremen groups are legitimate collective bargaining units (BW—Dec. 22'45, p94).

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Postwar engines—passenger car, truck and bus—can well profit by this experience. Dependable alumina sparkplugs mean longer life, more efficient use of fuel, lower upkeep, money in the operators' pockets.

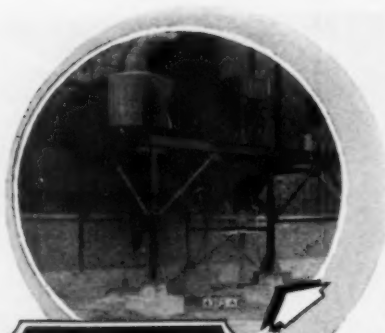
Many other products can employ Alorco Aluminas to equal advantage; the high temperature refractories pictured above, parts that must retain high dielectric strength at elevated temperatures, extremely hard materials like grinding balls.

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A Panel for Steel

Presidential directive to OPA contributes to hope that strike may at least be delayed. Other big walkouts impend.

Attacking the problem of averting a nationwide steel strike from two angles, President Truman has designated a fact-finding panel to consider demands by the United Steelworkers (C.I.O.) for a \$2-a-day wage boost, and has instructed the OPA to reconsider the steel industry's application for increases in ceilings on steel products.

• **New Hope**—The doublebarreled action brought new hope that the steel strike now set for Jan. 14 might be delayed a month, and possibly averted.

Elsewhere, however, prospects for settlement of threatened labor disputes were less optimistic. A nationwide strike of 200,000 members of the United Packinghouse Workers (C.I.O.) has been set for Jan. 16, and policy-makers of United Electrical, Radio & Machine Workers (C.I.O.) planned to meet this-week end to complete details for a strike of 200,000 members in Westinghouse, General Electric, and General Motors plants. Since both meat packing and electrical products industries can be classified as "in the national public interest," fact-finding probably will be invoked in both.

• **Poll Money Used Up**—Meanwhile, the National Labor Relations Board announced from Washington that it could conduct no more Connally-Smith strike votes, since funds for the virtually meaningless polls (BW—Nov. 3 '45, p. 103) have been exhausted. Decision to discontinue strike votes—with 600 pending—was made after the President signed a deficiency appropriation bill which failed to provide additional funds for NLRB.

President Truman's steel fact-finding panel included Nathan P. Feinsinger, former National War Labor Board member and chairman of the panel which made findings of facts in the 1944 dispute between the C.I.O. union and 86 basic steel companies; Roger C. McDonough, associate justice of the Utah Supreme Court; and James M. Douglas, chief justice of the Missouri Supreme Court.

• **Deadline Set**—The board was instructed to report by Feb. 10.

It is doubtful, however, that much will be accomplished before OPA decides whether an increase in steel prices—now averaging \$58 a ton—would be "proper." The steel industry has asked (1) for increases to put current operations on a profitable basis, and (2) for

an additional increase to compensate for a raise in wages.

The industry says \$7 a ton would do the job; Washington says that, at most, OPA will allow \$2 more, and that it will stand by its policy of not allowing immediate increase to offset increases in wages.

• **Strategists Confer**—Whether the possibility of a settlement based upon concessions to industry by OPA will union strike plans is problematical. Coordinating the steel union's campaign for wage adjustments with other C.I.O. drives was on the agenda for a conference this week of C.I.O. President Philip Murray, who also heads the United Auto Workers; Albert J. Fitzgerald, president of the United Electrical Workers; and top officials of other C.I.O. unions—such as the glass workers—engaged in or contemplating strike action for wage boosts.

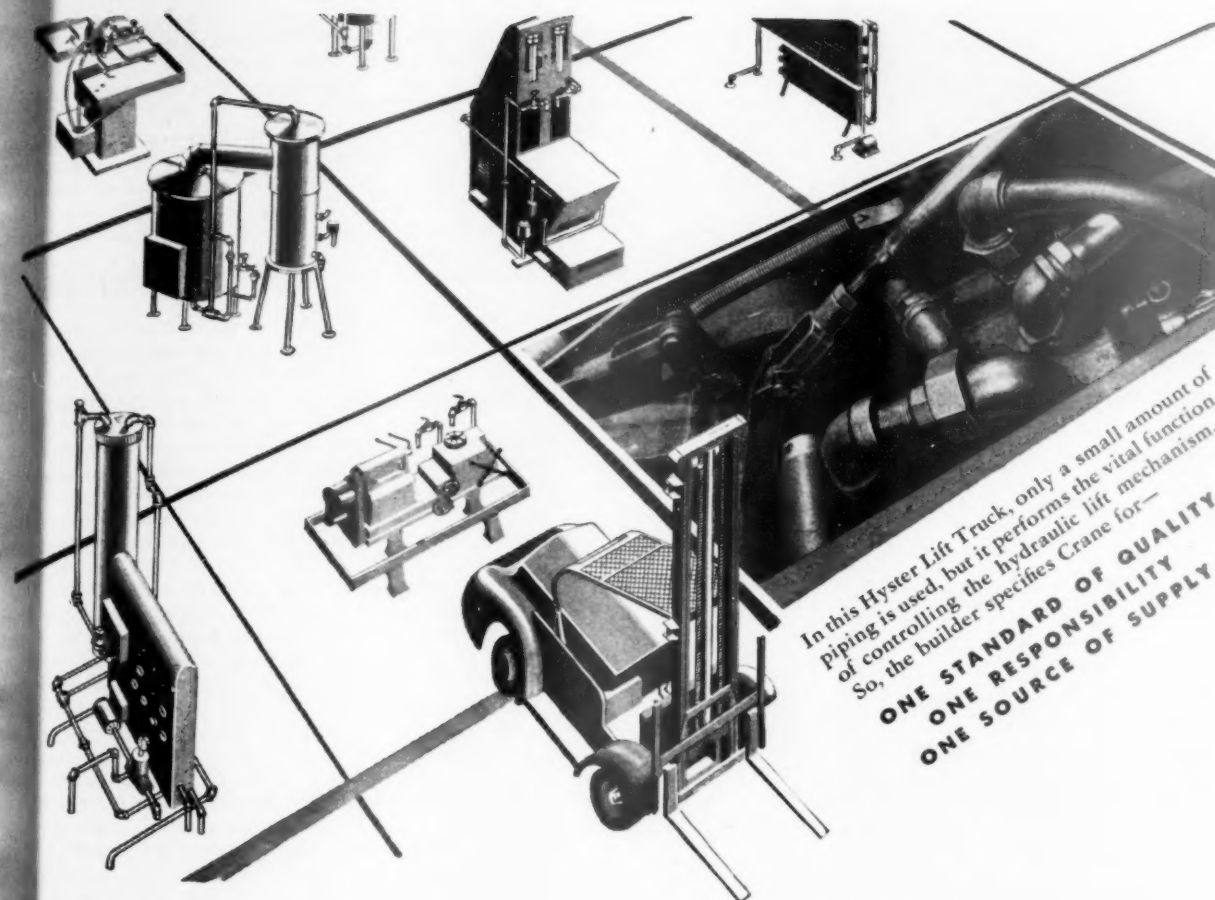
Crews Needed

Many sailings delayed
shortages of officers, seamen
Lure of shore jobs makes
unlikely pinch will end soon.

Intensive efforts of the War Shipping Administration to recruit 1,000 officers and 10,000 merchant seamen were given added weight during the holidays when WSA announced grimly that ship sailings—including 19 troopships—were delayed in six Atlantic ports during the week prior to Christmas and that as 1945 drew to an end ships still were standing idle in port because of crew shortages.

• **Idle Ships**—Because of the lack of dock unloading space, 16 fully manned vessels were standing idle in Delaware Bay, between Cape May, N. J., and Lewes, Del., at a daily cost of \$1,500 a day for each ship, including wages. They were heavily loaded with munitions shipped home from European and Pacific war theaters after hostilities ended, and none could be unloaded until Jan. 20, at least, since the remaining explosive-handling duties were taxed to capacity. Although the National Maritime Union (C.I.O.) suggested that an eight-man security crew could handle the ships, relieving 10 seamen for reassignment, WSA was willing to immobilize the munition carriers for even a short time.

The current shipping tie-ups are expected to end after the New Year's holidays. WSA, ship operators, and the C.I.O. National Maritime Union generally agree that the present con-



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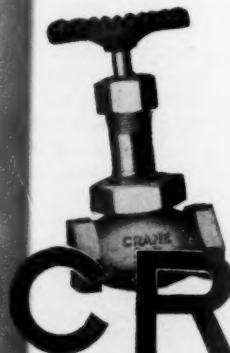
Buyers know, in turn, that fully equipped machinery can be put to work

immediately. They know, too, that a quality name on valves and fittings gives evidence of careful design throughout the machine.

Machinery builders depend on Crane for other reasons as well. Specifying for all needs is simplified by the unmatched completeness of the Crane line in all types of piping materials. The benefits of one source of supply with undivided responsibility are reflected down the line—from drafting room to satisfied customer.

Crane Co.'s facilities for working out any piping equipment problems are available on request—no obligation.

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was caused only by a desire of seamen to spend Christmas at home, but the pinch on the seamen work force is not expected to end that quickly.

• **Help From Lakes Area**—Although the number of merchant seamen on American flag ships was a near-adequate 236,500 on Dec. 1, a decline from the wartime peak of 257,000 which was reached just before V-J Day, many wartime recruits are dropping out monthly. To help meet the present emergency, men are being transferred from ice-bound Great Lakes ports, and United Nations aliens holding officers' papers are being permitted to serve temporarily aboard American flag vessels.

In addition to the holiday reluctance of crews to sail, two factors explain the manpower shortage: (1) Sailings by American merchant ships during December set an all-time record for the world's merchant marine, and (2) the greatly inflated wartime seamen work force is shaking down as men no longer feel inspired by patriotism or are compelled by selective service to go to sea.

• **Drain on Manpower**—The December shipping record was made possible by a change in "turn around" handling of vessels. By stocking food and supplies before leaving this country, using refrigerated compartments for storing fresh vegetables and other supplies, WSA's currently operating 541 ships now are able to start home from foreign ports in 12 to 24 hours.

The new policy resulted in a big step-up in efficiency, but also brought a drain on sea manpower since many crew members refused to sail on quickened schedules.

• **Says Wages Too Low**—Aggravating this situation is the second factor, that many wartime recruits to the merchant marine no longer feel that it is necessary to ship out. They want to get shore jobs, particularly if they no longer are subject to draft because of age or family status, or if they have had the 32 months of continuous merchant marine service which selective service says will exempt them from draft calls.

WSA has no figures on how many are leaving for this reason, but the federal agency says it is considerable.

The C.I.O. maritime union argues that the reason the number of seamen is dropping off steadily is because wages are not high enough.

UNION WEATHERS BONUS

C.I.O.'s United Automobile Workers unions in the four plants of the J. I. Case Co. weathered Christmas and the "wicked blow" that they charged the company dealt their earlier strike plans by its declaration of a \$1,200,000 bonus to all employees who were regularly

on the job between Oct. 31 and 20 (BW—Dec. 8'45, p102).

On the day after Christmas, with bonus money in their pockets, more than 5,000 workers in plants at Rockford, Wis., Rockford, Ill., and Burlington, Iowa, went on strike, and the next most of the 1,200 employees at Rock Island (Ill.) plant followed.

GREYHOUND STRIKE ENDS

Greyhound bus operations, at a still in 18 eastern states since Nov. 20 (BW—Dec. 22'45, p96), were resumed this week as 4,000 striking members of the A.F.L. Amalgamated Assn. of Street Railway & Motor Coach Employees agreed to resume work pending preparation of a fact-finding report on their dispute with Pennsylvania Greyhound and the Central Greyhound Lines, Inc., or agreement between the companies and union on a new contract.

At midweek the likelihood was that a final settlement would result from negotiations instead of fact-finding. Preferable to companies would be a settlement of already narrowed issues.

The strike followed a breakdown in negotiations on demands for a wage increase of 5.75¢ a mile for eastern drivers and 5.65¢ for those on western runs, and a 30% wage increase for maintenance men. The companies had offered to raise eastern drivers from 5¢ to 5.4¢ a mile; western drivers from 4.85¢ to 5.3¢ a mile; and maintenance workers' wages by 10%.

JOHNSTON DIVIDES

Eric Johnston, president of the U.S. Chamber of Commerce, "czar" of the movie industry, and a West Coast employer himself, made an oblique comment this week on the controversy between industry and labor highlighted by the General Motors strike (page 9). Two of those issues involve (1) labor concern with an employer's profits and (2) labor's desire for a voice in management.

The Johnston comment came through his announcement of a 2½% profit sharing plan for employees of Washington State companies. He said it was important for "industry to make workers feel that they are a part of this management and that they have a voice in what is going on." He also approved the aspiration of an employee for "share in the profits he helped to earn."

Johnston's profit-sharing scheme will apply to employees of the Brown-Johnston Co. and the Columbia Electric Mfg. Co., both of Spokane. His statements, however, will be taken by labor advocates to apply to a much wider area of industry.

China—the Big Question Mark

Gen. Marshall's discussions with Chiang Kai-shek hold vital import to whole world, and are significant to U.S. business, as economic rehabilitation would open huge outlets for our goods.

Big stakes—far beyond settlement of the 20-year-old Nationalist-Communist conflict inside China—are involved in the diplomatic showdown now under way in Chungking between Gen. George Marshall and Generalissimo Chiang Kai-shek.

China, as it stands today, is hopelessly disorganized, both politically and economically.

What Is Involved—Unless it can be pulled together and put on its feet, it cannot become an effective member of the Big Five, nor can it offer any firm base from which to assure continued long-term surveillance of Japan.

Also, there is widespread conviction in the U.S. that, unless order is restored in the country and revived business brings about a degree of stability, China is likely to fall first into a Soviet sphere of influence and, later, completely under Russian control.

But what has escaped the attention of the casual observer is the relationship whatever settlement is reached in China to the future of all of southeast Asia and of India.

On Verge of Real War—With open rebellion raging in the Netherlands East Indies, richest of the colonial empires in the southwest Pacific, and with the United States bitterly and vociferously protesting the restrictions of British control, it is already clear that the whole of south and eastern Asia is on the verge of full-fledged warfare. Only ceaseless profits elicited by Britain and, so far, the inability of rebellious leaders to unify their efforts while the parent countries are still disorganized by the war have prevented the conflict from spreading beyond Java.

Faced with these critical conditions, the world is watching the Marshall talks.

Russia's Stake—To Russia, the outcome is important for several reasons. Moscow has a new 30-year pact with England, providing—among other things—for the recognition of the national government of Chiang, for full Chinese control over strategic Sinkiang. His stance along the Soviet border, and by the return of Manchuria to China, in view of the widespread suspicion

that Moscow was supporting the Chinese Communists and might help to establish them solidly in the north and west, the Russian-Chinese pact of last fall guaranteeing support for Chiang was a surprise even to the Chinese.

Manchurian Bargain—At least of equal importance was the Russian agreement to get out of Manchuria as quickly as Chiang officials and troops were prepared to come in, restore, and maintain order. Concession to Moscow which won this favor is the right to use the main Manchurian rail lines, which had been built originally by the Czar, and to control a naval base and commercial free port respectively at Port Arthur and Dairen.

Because of the vast coal, iron ore, shale oil, timber, and agricultural resources of Manchuria, and the fact that the area was developed by the Japanese far beyond any comparable zone in China proper, this concession

covering Manchuria was almost an essential for the Chinese Nationalists if they were to have any hope of turning their country into an industrial power. They desperately need the Manchurian raw materials and whatever may be left of the steel mills and factories to help provide initial supplies.

Soviet Position—Russian reasoning for the generous deal with China is uncertain.

In part, certainly, it is based on the premise that the Soviet Union has such a tremendous job of reconstruction and development at home that it lacks both the manpower and the organizing capacity to handle anything farther afield.

In part, also, it must be plain to Moscow that if, during the 30 years covered by the pact with China, the Russians can modernize their Asiatic territories, there will still be time to share in China's development. Certainly the Russians expect by then to be in a stronger bargaining position on any China issues which may carry over, or arise from changed world conditions.

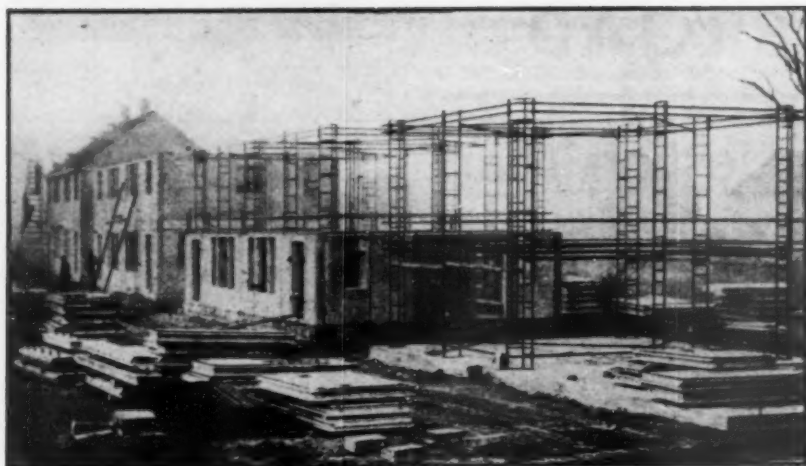
Eyes on the West—Meanwhile, every move by the western powers in China will be watched critically by Moscow. China, rather than eastern Europe or the Middle East, is likely to become during the next 20 years the real testing ground of Washington's ability to get along with Moscow in an effective world security organization.

To the colonial powers of south-eastern Asia—Britain, France, and the



INTERNATIONAL EPISODE IN THE AIR

Taking off from a De Havilland factory in England, four planes set their course for Portugal, where a Lisbon company, the Companhia de Transportes Aereos, is setting up an internal passenger and freight network. Of prewar design, the ships are said to be the first civil craft exported from Britain under commercial contract since the war's end—and the first in the nation's drive for world markets (BW—Dec.22'45,p112) to earn all-important foreign exchange.



PREFABS FOR A POLITICO-HOUSING HOLE

British industry, on the spot—like the Bevin government—to house the nation's bombed-out citizens, is turning to the "prefab" to fill the emergency housing hole. One contractor, who built portions of the famous portable breakwaters which formed the harbors that surprised the Nazis on D-Day, erects concrete wall units (above) around a framework right on the homesite. Then the frame moves on—to build the house next door.

Netherlands—developments in China are currently viewed with a mixture of feelings.

If this vast country can be quickly unified and normal business resumed, it will help to create generally more favorable conditions in which to negotiate settlements with the rebellious native leaders.

• **Another Aspect**—On the other hand, if China were to put its house in order and start on the road to a really democratic form of government, and toward big-scale industrialization, the repercussions would undoubtedly be unfavorable to the colonial powers unless they were prepared quickly and boldly to offer equally attractive programs. For the present, there are more signs that the parent countries will resist such a trend.

American business probably has the most direct interest of all in the negotiations.

China, with a population of 450 million, is one of the world's largest potential markets.

• **What is Needed**—The country is desperately in need of economic development.

Its ships—both coastal and river—have been lost in the war or are badly run down.

Railroad transportation—always inadequate for a country as large as China—will remain virtually at a standstill until what little rolling stock remains is overhauled and vast new supplies are imported.

There is virtually no air service except that maintained by the United States authorities—and yet China is a country of great distances such as are comparable to those in the U. S.

• **Almost a Standstill**—Factory production is virtually at a standstill for lack of raw materials and transportation.

Power plants are limping along on part-time schedules for lack of fuel or repairs.

Inflation is completely out of control.

No effective remedies for any of these conditions can be put into effect until the country is brought under unified political control, the currency is reestablished on a sound basis, and equipment can be brought from abroad to speed the recovery.

• **America's Role**—It has been apparent for a long time that the United States is the only country which can provide either the credit or the technical aid on the scale and with the speed demanded by China.

The prospect for big-scale aid, however, will not be bright unless General Marshall can assure Washington that in the future China will be a better risk than experience of the recent past would indicate. A loan of \$500 million provided Chungking several years ago to curb inflation is largely used up, but inflation is spreading and long ago passed all records.

• **Incentive**—The potential outlet for U. S. goods, however, is so large that there is enormous pressure on Wash-

ington to do everything possible to find a practical way of helping China get onto its feet.

The U. S. Bureau of Reclamation, for instance, has just announced that Denver administrative offices that received \$250,000 from the government of China to cover its costs in developing up a vast development of the Tennessee Valley Authority-type project in the Yangtze Valley (BW—Dec. 1948, p48). The fact that the proposed project would be larger than Grand Coulee indicates the potential equipment market that would probably come to U. S. States manufacturers if the project were undertaken.

• **Five-Year Plans**—Beyond this, the National Resources Commission in China (BW—Feb. 5 '45, p111) presented to Washington officials preliminary reports on a series of five-year plans to be set, as an initial goal for China, the building of 100,000 miles of railroads, the purchase or building of 25 locomotives, at least 300,000 passenger cars, and no less than 20,000 passenger cars.

The same project called for the construction of one million miles of highway, utilizing at least two million tons of steel for such things as bridges and culverts. And to supply the country with a network of repair shops as the backbone of light industries, China, according to present plans, will need at least 90,000 power-driven machines in the first five years of the reconstruction period.

• **What May Come**—All these plans are in the minds of executives who are watching developments. If Chungking negotiations turn out successfully as the recent Moscow talks, they are likely to be followed almost immediately by discussions of a loan for China and specific plans for technical assistance in developing U. S.-aided industrialization projects for China.

Whatever aid is ultimately decided must be measured as a long-term business risk against not only the probability of the plan for unification of China eventually agreeing to put it into effect, but also against the background problems of all of Asia.

If an effective and profitable plan for putting China on its feet can be found, it may provide a criterion for stabilizing all of the Orient and expanding vastly the market for U. S. goods.

TRIPARTITE POWER

LISBON—A tripartite ownership that's the unique formula the Portuguese government has evolved for financing a series of new hydroelectric projects.



The paper on which **HOLIDAY** is printed is made especially for this publication. It is a 54 lb. coated stock, of fine texture and color and opaque.

The page size is $9\frac{1}{8}"$ x $12\frac{1}{8}"$, on a sheet $10\frac{1}{4}"$ x $13\frac{1}{8}"$ overall. The magazine will be bound with square back.

Editorial pages of **HOLIDAY** will be replete with photographs chiefly printed in full color and with many novel innovations in art treatment and engraving. The same fine printing qualities will permit advertising illustration with unusual beauty and effectiveness.

There will be no "hangers" in **HOLIDAY**; that is, all editorial text will run to completion. Distribution of articles and features, and make-up will assure continuing interest throughout the book.

It is the purpose of the publishers to produce a magazine of national circulation which, from cover to cover, will reflect the holiday spirit of America. All modern devices of the graphic arts which contribute to beauty, brilliancy and gaiety will be employed.

First issue of HOLIDAY will reach Charter subscribers and be sold on newsstands on February 20. The price will be 50 cents per copy; \$5 a year. Charter subscriptions at \$4 per year are now being accepted.

Information regarding HOLIDAY may be obtained from HOLIDAY representatives in each Curtis Advertising Sales Office.

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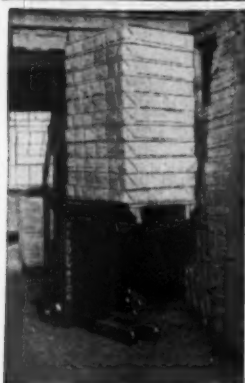
*3/4 Southern Comfort.
1/4 Dry Vermouth. Add
ice. Stir. Strain into
cocktail glass. Garnish
with red cherry. Write
for other recipes.*

**Next Time Make It a
Southern Comfort Manhattan**

**SOUTHERN
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REVOLVATOR REG. U. S. PAT. OFF. PORTABLE ELEVATORS



**Easiest
to
Operate**

*Piling Paper in
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with Red Giant
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JONES (real name on request) installed in his own factory four portable elevators each made by a different company. After a thorough trying out in the actual service called for he took a vote from all concerned. The verdict was REVOLVATOR "because it is the easiest to operate."

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SALES AGENTS: At present we have a few choice territories open.

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CANADA

Loan to Britain

Long-term credit planned, but first problem is to make Canadian dollars available for England on interim basis.

OTTAWA—The first major transaction of 1946 in Canada will be the negotiation of a loan with Britain to permit Canadian exports to continue to move forward to what has always been Canada's largest or second-largest external market (positions in which the U. S. and the U. K. have alternated).

• **Around \$1,500,000,000**—Until negotiations actually begin, as they will on the arrival at Ottawa of a British delegation toward the end of January or the beginning of February, any estimate of the sums involved contains considerable guesswork.

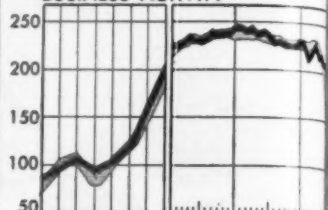
Taking into account the \$700 million which Canada lent to Britain early in the war interest free until the end of hostilities (of which \$550 million is still outstanding), the over-all loan figure is expected to be about \$1,500,000,000. This will cover the

TREND OF BUSINESS CANADA AND U.S.

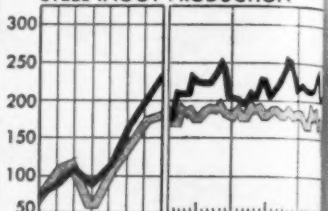
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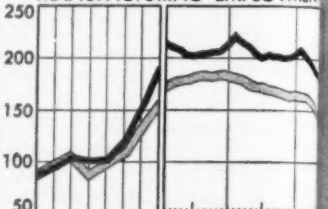
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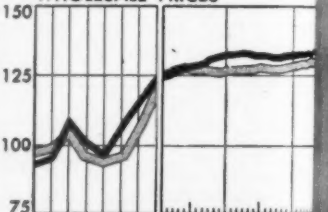
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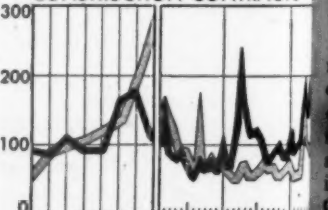
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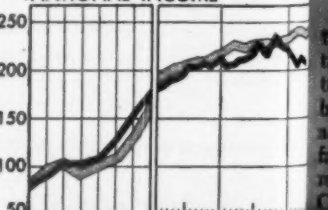
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CONSTRUCTION CONTRACTS



NATIONAL INCOME



next two or three years, during Britain's most acute reconversion period.

• **Dollar Supply**—That is the long-term picture. But before the negotiators get down to settling details on such an arrangement some easing of the tightness of the immediate situation will be necessary.

Britain's exact position as far as Canadian dollars are concerned has not been published, but mutual aid (the Dominion's version of lend-lease) ended on Sept. 2, and several recent steps, such as refusal to grant import licenses to Canadian exporters for any but the most vital needs, and instructions to British ships not to take on foods and supplies at Canadian ports, point to a rapidly disappearing store of dollars.

One authority claims that the United Kingdom's supply of Canadian dollars was exhausted by the end of 1945.

If this is correct, there will be two distinct negotiations. One at the earliest moment—possibly by Canadian experts now in London—would consider making Canadian dollars available on an interim basis pending the completion of the task of the negotiators in Ottawa later on.

• **Needs Pile Up**—For the long-term discussions, the compilation of a budget of British needs in Canada for 1946 and 1947 is required. Before the war, British purchases in Canada were \$300 to \$400 million a year, but Britain's 1946 needs of food alone are figured at \$500 million, with large quantities of lumber and other construction materials, metals, and manufactures needed in addition. The 1947 figures will probably be as large.

To settle for these imports, Britain is not likely to earn through ordinary current transactions any more than about \$250 million a year. Accordingly, if Britain's needs in Canada run to about \$750 million annually for 1946 and 1947, the difference, or \$500 million a year, must be made up through credit advances by Canada.

• **Favorable Terms**—Canada will be forced to use its bargaining power to assure that a loan of this magnitude is accompanied by a guarantee that all Canadian exporters are given as free access as possible to the British market.

Nothing has been said yet about terms. Canada is committed, under the Washington agreement, to offer terms at least as favorable as those given by the U. S. This will result in Canada's loan terms to Britain being more favorable than to other United Nations receiving credit through the Exports Credits legislation—just as the United States loan to Britain was more favorable than similar loans to the other Allies.

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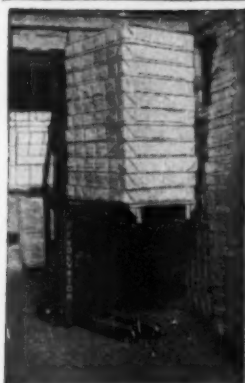
$\frac{3}{4}$ Southern Comfort.
 $\frac{1}{4}$ Dry Vermouth. Add
ice. Stir. Strain into
cocktail glass. Garnish
with red cherry. Write
for other recipes.

Next Time Make It a
Southern Comfort Manhattan

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DESIGNERS AND MANUFACTURERS OF MATERIAL HANDLING EQUIPMENT
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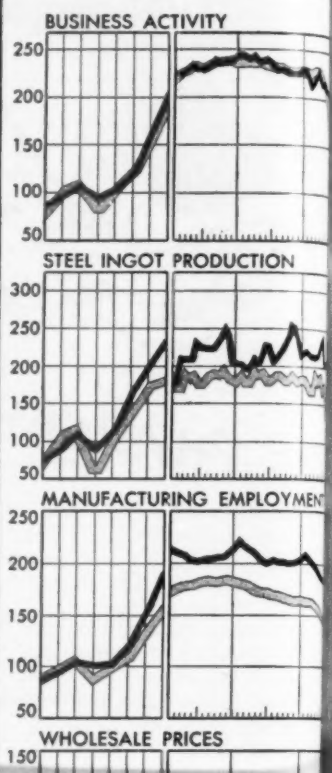
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CANADA

TREND OF BUSINESS CANADA AND U.S.

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CANADA



TIGHT
BOU

SINES
D U.S.

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If this is correct, there will be two distinct negotiations. One at the earliest moment—possibly by Canadian experts now in London—would consider making Canadian dollars available on an interim basis pending the completion of the task of the negotiators in Ottawa later on.

• **Needs Pile Up**—For the long-term discussions, the compilation of a budget of British needs in Canada for 1946 and 1947 is required. Before the war, British purchases in Canada were \$300 to \$400 million a year, but Britain's 1946 needs of food alone are figured at \$900 million, with large quantities of

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THE MARKETS

(FINANCE SECTION—PAGE 6)

Despite its notorious habit of double-crossing its oracles at the last minute, the stock market in the closing days of 1945 conformed pretty well to the traditional late-December pattern. In accordance with earlier predictions, prices first disclosed their customary pre-Christmas variety of weakness and then their usual Christmas-to-New Year rally.

However, aside from the sensational advance scored by the liquor share group (Schenley Distillers common, the star performer, soared \$29 to a price of \$124.50 in three days) and some of the "specialties," the 1945 year-end "rally" actually wasn't a very impressive affair.

• **Rail Average Drops**—Dow-Jones' railroad stock price average, for example, was lower when 1945 trading finally came to a close than it had been at the start of the Christmas holiday sessions.

Despite the presence of the traditional Christmas-New Year's advance, the utility index rose only slightly during the period. And much of the advance scored by the industrial average was due more to the exuberance of market participants in their day-after-Christmas Big Board operations than to any persistent year-end buying trend.

Ordinarily January sees prices on the move toward higher levels due to the demand for securities generated by a desire to reinvest year-end dividend and interest payments or other funds received as one year closes and another opens.

• **Not So Sure**—Many Wall Streeters, however, aren't so sure now that this traditional "reinvestment rally" will be seen in 1946. They say much of the normal December tax-selling was postponed until early this year to take advantage of the new lower income tax rates,

and they are not so certain such selling may not have a greater-than-usual impact on market prices in view of growing concern over labor troubles and the possible retarding effect on both 1946 production and corporate profits.

Another factor which may have stock market price potentialities for a time is the recent growing fear that business may be hampered by an extension of at least some OPA controls beyond June 30 next. It has been very noticeable that official Washington, the general public (according to public opinion polls), and labor favor such action. Some market seers see a chance that the lag of prices behind wages will last perhaps six months longer than many stock market participants may have been figuring on.

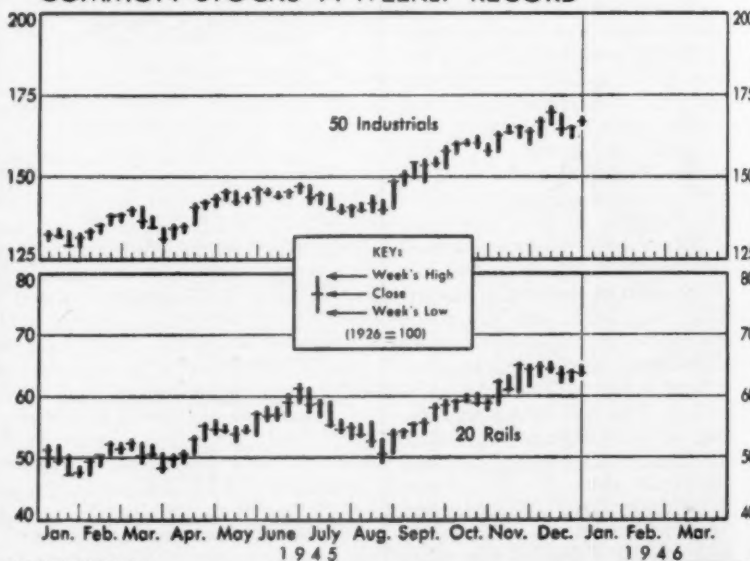
• **Long-Term Optimism**—So far as the major longer term upward price trend is concerned, however, Wall Street isn't worried. It points to the huge amount of liquid resources which it claims will have to be invested eventually and to the record corporate earnings and dividends it expects the first "free" postwar years to bring. The Street is puzzled only over the nearby price trend.

Security Price Averages

| | This Week | Week Ago | Month Ago | Year Ago |
|----------------|-----------|----------|-----------|----------|
| Stocks | | | | |
| Industrial ... | 167.2 | 165.2 | 167.2 | 130.5 |
| Railroad | 63.7 | 63.9 | 64.8 | 48.5 |
| Utility | 82.8 | 81.9 | 84.5 | 56.5 |
| Bonds | | | | |
| Industrial ... | 123.3 | 123.4 | 122.9 | 121.1 |
| Railroad | 118.3 | 117.8 | 117.6 | 113.9 |
| Utility | 115.8 | 116.6 | 115.9 | 117.2 |

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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Cost of Living

A Washington woman, who is in a particularly good position to know what she is talking about, thinks that Business Week should take another look at some of the bugs in the government's cost-of-living index. She writes:

"Stories on these that I have read in the press don't even begin to show the extent to which the peculiar weighting of the index components may distort the evidence that it has to offer on the price level at a time like this.

"For example: At the time the clothing components of the index were selected and weighted (the last major revision was around 1938, I think) no items of children's clothing, or only a very few, were included in the sample used. The reason was that, in normal times, basic items of children's clothing—such as overalls, underwear, and shoes—behave much the same pricewise as similar items of men's and women's clothing.

"Came the war, however, and WPB and OPA made a particularly drastic effort to hold down prices on children's clothing. There is no question but that this program really succeeded—as in no other line of goods in the textile field. I pay less for my children's overalls, underwear, and pajamas, etc., today than I did 18 months ago, and they are of infinitely better quality despite the continuing deterioration in other lines.

"But the net result of all this effort is just exactly nil so far as the Bureau of Labor's cost-of-living index is concerned.

"BLS officials are, of course, more conscious than anyone else of the index's deficiencies. But they just haven't had the money to make the necessary repairs."

South American Way

From a Chilean correspondent comes a report that should be of special interest to those who do business in that country, of general interest to all management men who ponder the old and familiar hankering of governments for control over business. He writes:

"Despite Chile's cry for foreign capital, labor and government alike are still guilty of discrimination against foreign capital and foreign ownership and development of utilities. One bill, recently introduced into the Chilean Senate, calls for participation of labor in the management of all Chilean corporations by the gift of 10% of the stock of the

corporation to the union in its field, the 10% providing a seat on the board of directors of the company.

"The same bill requires a company having a capital in excess of 80 million pesos to give a 5% annual bonus to its local union regardless of profit. There is only one such company capitalized for that sum, the U. S.-controlled Compania Chilena de Electricidad, which has been operating without profits.

"Another bill being fostered would prevent the entrance into Chile of U. S. printed magazines and books in Spanish. It is aimed at the powerful Selecciones del Reader's Digest, which currently enjoys a larger circulation in Chile than any locally printed magazine (100,000).

"Observers say that the first sign of a possible change in Chilean government attitude toward its powerful labor groups was Vice-President Duhalde's realistic handling of the mining strikes which were illegally declared the week President Rios left for the U. S. After several days of discussions with government labor mediators, all of which got no place, Duhalde ordered the Army to take over and run the mines, allowed the mining companies to dismiss all striking employees not immediately returning to work. The miners, amazed at the audacity of a supposed popular front acting president, went back to work. Conservatives and middle readers said that a new day was dawning."

Fair Enough

Our recent Trend-page discussion of the case for congressional approval of the American loan to Great Britain (BW-Dec.15'45,p120) has brought a good many letters from readers. One from a Canadian, A. L. Dawe, vice-president and general manager of the St. Maurice Valley Paper Co. of Montreal, sounds a note that we were gratified to find in several of these letters—"This statement is, in my opinion, the fairest presentation of a very complicated subject." Mr. Dawe adds:

"If they are to listen to the anti-British press in the United States and the anti-American press in England, the peoples in the United States and Great Britain will be in a very unhappy and confused state of mind.

"I don't think the average Englishman feels that he should get a loan for nothing, but he has not the advantage of reading Business Week and, therefore, he does not understand the situation fully and feels uneasily that he is being outsmarted and out-traded."



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THE TREND

NO WONDER HE WAS EXCITED

Louis Stark of the New York Times reported that when Lloyd K. Garrison, the chairman of the panel appointed by President Truman to look into the General Motors strike, received the President's pronouncement that the panel should consider the company's capacity to pay the 30% wage increase sought by the United Automobile Workers, C.I.O., he was "barely able to suppress his excitement."

Stark did not report just why Garrison was so excited. It occurs to us, however, that he may have been having a good old-fashioned case of the heebie jeebies upon being actually confronted by the task of digging into the issue of capacity to pay a wage increase in a competitive industry such as the automotive industry and coming up with an intelligent and responsible conclusion about its significance.

• **And well he might.** For it is one thing and a relatively comfortable thing to shout to see the "arithmetic," as Walter Reuther of the U.A.W. quaintly calls the financial records of the company, and imply that failure to show it is tantamount to a confession of being filthy rich. It's quite another to get it and then know what to do with it. In fact that operation involves a lot of problems for which no one has answers.

Let's assume, for example, that study of the General Motors "arithmetic"—which, incidentally, no member of the Garrison panel is technically equipped to handle—shows that the company could, on the basis of its profits record of the last year, pay the wage increase sought by the union without going into the red. (This assumption involves absolutely no judgment on the feasibility of such an adjustment.) Then what? Does the panel find that the wage increase is in order? Certainly not if it is a responsible body, as we assume it is.

• **One thing it must immediately consider** is the effect of such an increase on the other companies in the industry. Can they afford to pay it? If not, the payment of the increase by the biggest company in the industry would knock the rest of the industry topsy turvy, and in a way which even the U.A.W., which has members working for the other companies, too, would find completely distasteful. So that gets the panel in the General Motors case into the business of looking at the "arithmetic" of the automotive industry generally.

Let's assume that when that titanic accounting job is done it indicates that, judged on the basis of recent performance, a wage increase of 10% or 15% could be made without putting more than a small fraction of the industry in the red. Then is the job of the panel done? On the contrary, it's barely begun.

What's happened in the past, and particularly a past consisting primarily of a completely abnormal war period, tells very little about what's going to happen in the future. So that puts the panel in the business of forecasting. What is going to be the volume of production in the automotive industry? What are going to be the costs apart from labor? Are the workers going to be the ball, or is the amount of loafing on the job which prevailed during the war in many automotive plants going to continue?

• **Let's assume** that the panel obtains what seems to be satisfactory guesses about the answers to these and many other key crystal ball questions needed to gage the future prospects of the automotive industry. Then is it through? By no means; it must still go into the whole question of the proper rate of profit for the company and the industry. What rate is needed to assure that the requirements of the industry for new investment will be met? Dealing with that question, which they cannot duck if they are to do a responsible job, casts the members of the panel in the role of investment bankers, in which they are all completely devoid of experience. If it is to be done properly they must, of course, consider the position and prospects not merely of the automotive industry but industry generally. For the automotive industry must compete for capital in the general market.

We're running out of space and we have only started the barest catalog of what the General Motors panel or any other of the President's fact-finding panels is really up against when it tackles the question of ability to pay wage increases.

It is easy to understand why, for competitive reasons, the General Motors Corp. or any other company in a competitive industry does not want outside fact finders going through its "arithmetic." But given men of good faith and goodwill as fact finders, we're not sure but that the best thing to do would be to give them the "arithmetic" and the terrific set of problems involved in doing anything intelligent with it. We are sure that it would convince a lot of them that there are virtues in a competitive adjustment of prices, wages, and profits which have not been enough appreciated.

• **As a public member** and then as chairman of the National War Labor Board, Garrison got a glimpse of what a government agency is up against in trying to determine ability to pay wage increases, something which the board always refused to consider though employers often pled with it to do so. Consequently it's no wonder he was excited when actually set to doing such a job. It's a staggering assignment.

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